

BOROUGH OF NORTHVALE

**Financial Statements With
Supplementary Information
December 31, 2015
(With Independent Auditors' Report Thereon)**

OF NORTHVALE

CONTENTS, continued

(continued)

	<u>Page</u>
	68
	69
	69
Jersey - Senior Citizens'	70
Analysis of 2015 Property	71
	72
Taxes at Assessed Valuation	72
Receivable	73
	74
N.J.S. 40A:4-55 Special Emergency	75
School Taxes	76
Taxes	76
	77
	78
able	78
Jersey for Marriage Licenses/	79
	79
Jersey - DCA Fees	79
(Payable)	80
al Grant Fund	81
s	82
nces	85
eserves	86
	87
for Federal and State	88
	88
ves for Federal and	89

ALLY LEFT BLANK

BOROUGH OF NORTHVALE

TABLE OF CONTENTS, continued

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Trust Funds</u>	
B-1	Schedule of Cash - Treasurer	90
B-2	Schedule of Due to State of New Jersey	91
B-3	Schedule of Reserve for Expenditures	92
B-4	Schedule of Due to/(from) General Capital Fund	93
B-5	Schedule of Escrow Deposits	94
B-6	Schedule of Grants Receivable	94
B-7	Schedule of Reserve for Community Development Projects	95
B-8	Schedule of Reserve for Unemployment Compensation	95
B-9	Schedule of Interfund (Receivables)/Payables - Current Fund	96
B-10	Schedule of Miscellaneous Reserves	97
B-11	Schedule of Reserve for Expenditures - Open Space Trust Fund	98
B-12	Statement of Service Award Contributions Receivable - Emergency Services Volunteer Length of Service Award Program	98
B-13	Statement of Net Assets Available for Benefits - Emergency Services Volunteer Length of Service Award Program	99
	<u>General Capital Fund</u>	
C-2	Schedule of General Capital Cash-Treasurer	100
C-3	Analysis of General Capital Cash	101
C-4	Schedule of Deferred Charges to Future Taxation – Funded	102
C-5	Schedule of Due to/(from) Current Fund	102
C-6	Schedule of Deferred Charges - Overexpenditure of Capital Improvement Fund	103
C-7	Schedule of Deferred Charges to Future Taxation – Unfunded	104
C-8	Schedule of Due from Escrow Trust Fund	106
C-9	Schedule of Grants Receivable	107
C-10	Schedule of Improvement Authorizations	108
C-11	Schedule of General Serial Bonds	109
C-12	Schedule of Anticipation Notes	110
C-13	Schedule of Capital Improvement Fund	111
C-14	Schedule of Due from Federal and State Grant Fund	112
C-15	Schedule of Bonds and Notes Authorized but not Issued	113

BOROUGH OF NORTHVALE

TABLE OF CONTENTS, continued

Part I, (continued)

<u>Exhibit</u>		<u>Page</u>
	<u>Public Assistance Fund</u>	
E-1	Schedule of Cash - Treasurer	114
E-2	Schedule of Public Assistance Cash and Reconciliation Per N.J.S.A. 40A:5-5	115
E-3	Schedule of Public Assistance Cash and Reconciliation	116
E-4	Schedule of Reserve for Public Assistance Expenditures	117
E-5	Schedule of Revenues-Cash Basis	118

Part II

	Independent Auditor's Report on Internal Control over Financial Reporting Based and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	119
	General Comments	121
	Comments	124
	Recommendations	126
	Status of Prior Years Audit Findings/Recommendations	128
	Acknowledgment	128

BOROUGH OF NORTHVALE

*** * * * ***

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Ferraioli, Wielkott, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkott, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

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, 2015 and 2014, 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, 2015, 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 an opinion 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, 2015 and 2014, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis Accounting Principles

As described in Note 10 of the financial statements, the Borough participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$779,655 and \$798,669 for 2015 and 2014, 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 balances sheets and account group as of December 31, 2015 and 2014, 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, 2015 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
Page 4.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016 on our consideration of the Borough of Northvale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Northvale's internal control over financial reporting and compliance.



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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

June 28, 2016



BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2015 and 2014

<u>Assets</u>	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
Regular Fund			
Cash	A-4	\$ 1,570,452	1,044,516
Cash - change funds	A-5	200	200
		<u>1,570,652</u>	<u>1,044,716</u>
Receivables and other assets with full reserves:			
Delinquent property tax receivable	A-8	566,863	538,798
Tax title liens receivable	A-9	54,131	50,711
Foreclosed property - property acquired for taxes - assessed valuation	A-10	2,156,700	2,156,700
Revenue accounts receivable	A-11	5,377	4,934
Interfunds Receivable:			
General Capital Fund	A-21	672	
Animal License Trust Fund	A-21	4,617	2,450
Summer Recreation Trust Fund	A-21		17,561
Payroll Account	A-21		100,000
Community Development Trust Fund	A-21	19,100	19,500
Other Trust Fund	A-21	448	340
		<u>2,807,908</u>	<u>2,890,994</u>
Deferred charges:			
Over-expenditure of Appropriation Reserves	A-12	7,930	7,930
Emergency Authorizations	A-12		30,660
Special emergency authorizations (40A:4-55)	A-13	157,500	222,900
		<u>165,430</u>	<u>261,490</u>
		<u>4,543,990</u>	<u>4,197,200</u>
Federal and State Grant Fund:			
Grants Receivable	A-26	4,869	7,221
Due from Current Fund	A-22	159,603	220,829
		<u>164,472</u>	<u>228,050</u>
		<u>\$ 4,708,462</u>	<u>4,425,250</u>

BOROUGH OF NORTHVALE
Comparative Balance Sheet-Regulatory Basis

Current Fund

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Regular Fund			
Liabilities:			
Appropriation Reserves	A-3/A-23	99,554	45,802
Reserve for Encumbrances	A-24		36,316
Due to State of New Jersey - Senior Citizen and Veteran's Deductions	A-7	5,642	4,392
Prepaid Taxes	A-17	41,318	45,714
Tax Overpayments Payable	A-18	8,993	2,763
Marriage License Fees Payable	A-19	325	200
DCA Fees Payable	A-20	2,978	1,955
Reserve for:			
Tax Sale Premiums	A-25	457,100	14,000
McGuire Senior Center	A-25	52,937	62,273
Senior Van Donations	A-25	2,681	2,681
Cultural Arts Committee	A-25	3,379	3,379
Beautification Committee	A-25	4,050	4,050
Interfund Payable:			
General Capital Fund	A-21		43,815
Federal and State Grant Fund	A-22	159,603	220,829
		<u>838,560</u>	<u>488,169</u>
Reserve for receivables		2,807,908	2,890,994
Fund balance	A-1	897,522	818,037
		<u>4,543,990</u>	<u>4,197,200</u>
Federal and State Grant Fund			
Appropriated reserves	A-27	114,128	163,067
Due to General Capital Fund	C	22,875	22,875
Unappropriated reserves	A-28	27,469	42,108
		<u>164,472</u>	<u>228,050</u>
		<u>\$ 4,708,462</u>	<u>4,425,250</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, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenue and other income realized:		
Fund balance utilized	\$ 350,000	200,000
Miscellaneous revenue anticipated	1,757,703	1,619,373
Receipts from delinquent taxes	539,539	601,648
Receipts from current taxes	21,964,797	21,413,040
Non-budget revenues	98,167	47,405
Other credits to income:		
Unexpended balance of appropriation reserves	32,974	51,006
Interfunds returned	140,082	18,768
	<hr/>	<hr/>
Total income	24,883,262	23,951,240
	<hr/>	<hr/>
Expenditures - budget appropriations:		
Appropriations		
Salaries and wages	3,131,818	3,211,710
Other expenses	3,310,794	2,886,230
Deferred charges and statutory expenditures	851,743	866,981
Capital improvements	55,000	70,660
Municipal debt service	463,518	445,764
County taxes	2,188,651	2,153,216
Amount due County for added and omitted taxes	5,935	5,261
Local district school tax	8,895,764	8,711,853
Regional high school tax	5,457,753	5,403,758
Other Refunds		22,045
Interfunds advanced	19,100	137,061
Prior Year Senior Citizen Deductions Disallowed	500	
Tax Court Judgements	73,201	35,367
	<hr/>	<hr/>
Total expenditures	24,453,777	23,949,906
	<hr/>	<hr/>
Excess/(Deficit) in Revenues	429,485	1,334
	<hr/>	<hr/>
Adjustments to Income before Surplus:		
Expenditures included above which are by Statute Deferred		
Charges to Budget of Succeeding Year		143,160
	<hr/>	<hr/>
Statutory Excess to Surplus	429,485	144,494

BOROUGH OF NORTHVALE

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

Current Fund

Year Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Fund balance, January 1	<u>818,037</u>	<u>873,543</u>
	1,247,522	1,018,037
Decreased by utilization as anticipated revenue	<u>350,000</u>	<u>200,000</u>
Fund balance, December 31	<u>\$ 897,522</u>	<u>818,037</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2015

	Antici- <u>pated</u>	<u>Realized</u>	Excess or <u>(deficit)</u>
Fund balance anticipated	\$ 350,000	350,000	
Miscellaneous revenues:	\$		
Licenses:			
Alcoholic beverage	15,000	16,177	1,177
Other	12,000	16,550	4,550
Fees and permits:			
Construction code official	125,000	214,300	89,300
Other	40,000	46,742	6,742
Fines - Municipal Court - Northvale	70,729	81,282	10,553
Fines - Municipal Court - Rockleigh	8,271	8,271	
Interest and costs on taxes	103,000	169,613	66,613
Consolidated Municipal Property Tax Relief Act	32,576	32,576	
Energy Receipts Tax	528,729	528,729	
Interest on investments and deposits	3,000	3,155	155
Borough of Rockleigh - Police/Court Services	340,000	338,963	(1,037)
Borough of Rockleigh - Public Works Services	20,000	20,000	
Public and Private Programs offset by appropriations:			
Clean Communities	8,367	8,367	
Recycling Tonnage Grant	18,930	18,930	
USDA Commodities	2,420	2,420	
Northvale Drug Alliance-Golf	350	350	
Highway Traffic Safety Program - COPS in Shops	5,890	5,890	
Highway Traffic Safety Program - Click it or Ticket	3,550	3,550	
Body Armor Grant	2,365	2,365	
Alcohol Education and Rehabilitation Fund	236	236	
Life Hazard Use Fees (Fire)	27,000	26,562	(438)
Donation - Senior Center	3,000	3,598	598
Cable TV Franchise Fees	60,000	60,900	900
Senior Van Driver - Senior Financial Assoc	30,000	24,000	(6,000)
Compost Program - Hillsdale	64,000	64,592	592
General Capital Fund Balance	59,585	59,585	
	<u>1,583,998</u>	<u>1,757,703</u>	<u>173,705</u>

BOROUGH OF NORTHVALE

Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2015

	Antici- pated	Realized	Excess or (deficit)
Receipts from delinquent taxes	<u>585,000</u>	<u>539,539</u>	<u>(45,461)</u>
Subtotal - general revenues	2,518,998	2,647,242	128,244
Municipal budget - local tax for municipal purposes	5,653,767		
Minimum Library Tax	<u>300,710</u>	<u>6,061,694</u>	<u>107,217</u>
Budget totals	<u>\$ 8,473,475</u>	8,708,936	<u>235,461</u>
Non-budget revenues		<u>98,167</u>	
		<u>\$ 8,807,103</u>	
Analysis of realized revenues:			
Current tax collections		<u>21,964,797</u>	
Allocated to:			
Local district school		8,895,764	
Regional high school		5,457,753	
County (including added county taxes)		<u>2,194,586</u>	
		<u>16,548,103</u>	
Balance for support of municipal budget appropriation		5,416,694	
Add appropriation reserve for uncollected taxes		<u>645,000</u>	
Amount for support of municipal budget appropriation		<u>\$ 6,061,694</u>	
Receipts from delinquent taxes - delinquent tax			
Delinquent tax collections		<u>\$ 539,539</u>	

BOROUGH OF NORTHVALE
Statement of Revenues-Regulatory Basis

Current Fund

Year ended December 31, 2015

	<u>Antici-</u> <u>pated</u>	<u>Realized</u>	<u>Excess</u> <u>or</u> <u>(deficit)</u>
Analysis of non-budget revenues:			
Miscellaneous revenue not anticipated:			
Photocopies	\$	13,070	
Tax Printouts		274	
Election Poll		120	
Property Owners Lists		200	
Sewer Connection Fees		5,600	
Miscellaneous		5,061	
Duplicate Tax Bills		1,240	
Teplitz-Metal		1,415	
Town Day Fireworks		33,500	
Van Rides		1,797	
FEMA - Sandy Reimbursement		15,942	
Auction of Vehicles		12,300	
Administrative Fee-Senior Citizens and Veterans		1,210	
Zoning Books		10	
Joint Insurance Fund - Dividend Refund		<u>6,428</u>	
	\$	<u>98,167</u>	

See accompanying notes to financial statements.

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

	Appropriation		Expended 2015		Unexpended Balance Cancelled
	Budget	Total for 2015 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
General Government:					
Administrative and executive:					
Salaries and wages	\$ 118,526	113,526	113,525	1	
Other expenses	100,000	85,780	85,573	207	
Mayor and Council					
Salaries and wages	27,497	27,987	27,984	3	
Other expenses	1,000	1,610	1,604	6	
Financial administration:					
Salaries and wages	69,201	69,201	69,200	1	
Other expenses	20,000	20,510	20,506	4	
Annual Audit	41,000	38,900	38,805	95	
Collection of Taxes:					
Salaries and wages	61,243	61,243	61,242	1	
Other expenses	15,000	11,650	11,639	11	
Assessment of taxes:					
Salaries and wages	20,914	20,914	20,914		
Other expenses	5,000	1,150	1,144	6	
Legal services and costs:					
Salaries and wages					
Other expenses	65,000	102,000	101,897	103	
Engineering services and costs:					
Other expenses	50,000	43,400	42,430	970	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

	<u>Appropriation</u>		<u>Expended 2015</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Total for 2015 as Modified by All Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>General Appropriations</u>					
Municipal Land Use Law NJSA (40:55D-1)					
Planning Board:					
Salaries and wages	4,397	4,397	4,396	1	
Other expenses	10,000	24,900	24,544	356	
Municipal Court					
Salaries and wages	75,628	75,628	75,628		
Other expenses	6,000	8,230	7,907	323	
Public Defender					
Salaries and wages	4,802	4,802	4,802		
Public Safety:					
Police:					
Salaries and wages	1,515,000	1,504,400	1,504,390	10	
Other expenses:	100,000	89,000	88,085	915	
Interboro Radio	64,000	64,000	63,684	316	
First Aid Organization					
Ambulance Other Expenses	15,000	15,000	15,000		
Other Expenses	5,000				
Emergency Management Services:					
Salaries and wages	1,259	1,259	1,259		
Other expenses	500	500	398	102	
Insurance:					
Workers Compensation	123,398	123,398	123,398		
Other Insurance	7,500	6,340	6,340		
Liability Insurance	121,963	121,963	121,962	1	
Group Insurance for Employees	412,500	409,500	409,431	69	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

	Appropriation		Expended 2015		Unexpended Balance Cancelled
	Budget	Total for 2015 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Fire:					
Other expenses:					
Rental of Fire House	50,000	52,700	52,700		
Fire Hydrant Service	28,090	28,090	28,090		
Fire Prevention Bureau:	85,000	83,410	83,410		
Salaries and wages	38,732	38,732	38,731	1	
Other expenses	3,000	1,980	1,972	8	
Prosecutor:					
Salaries and wages	12,265	12,265	12,264	1	
Public Works Function:					
Road Repairs and Maintenance:					
Salaries and wages	660,000	692,200	692,157	43	
Other expenses	85,000	123,000	122,553	447	
Sanitation:					
Garbage and Trash Removal					
Collection	185,000	188,550	188,543	7	
Disposal	185,000	193,360	193,360		
Recycling:					
Salaries and wages	5,848	5,349	5,331	18	
Other expenses	15,000	11,000	10,951	49	
Public Buildings and Grounds					
Other expenses	50,000	59,000	58,904	96	
Sewer Repairs and Maintenance:					
Other expenses	7,000	15,600	15,569	31	
Borough of Norwood	14,000	14,000	14,000		
Health and Welfare:					
Board of Health:					

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

	<u>Appropriation</u>		<u>Expended 2015</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Total for 2015 as Modified by All Transfers</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
<u>General Appropriations</u>					
Salaries and wages	26,028	21,918	21,910	8	
Other expenses	40,000	36,750	36,475	275	
Animal Control					
Other Expenses	7,500	7,500	6,930	570	
Recreation and education:					
James F. McGuire Memorial Center (NJSA 40:48 9a):					
Salaries and wages	27,000	28,560	27,053	1,507	
Other expenses	40,000	40,440	40,430	10	
Golden Age Senior Trips:					
Other Expenses	7,500	8,660	8,660		
Celebration of Public Events					
Other Expenses	2,500	4,240	4,236	4	
Senior Van Driver:					
Salaries and Wages	27,000	21,170	21,164	6	
Other Expenses	3,000	4,310	4,304	6	
Parks and Playgrounds:					
Other expenses	20,000	20,000	19,478	522	
Uniform Construction Code Official:					
Salaries and wages	91,348	91,348	91,347	1	
Other expenses	5,000	9,130	9,125	5	
Code Compliance:					
Salaries and wages	16,921	16,921	16,921	2	
Other expenses	1,000	480	478		
UNCLASSIFIED:					
Utilities:					
Electricity	77,500	68,949	68,944	5	
Street Lighting	77,500	56,910	56,904	6	

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

General Appropriations	Appropriation		Expended 2015		Unexpended Balance Cancelled
	Budget	Total for 2015 as Modified by All Transfers	Paid or Charged	Reserved	
Telephone	37,500	34,900	33,330	1,570	
Water	15,000	12,390	12,381	9	
Natural Gas	30,000	23,470	23,469	1	
Vehicle Fuel	87,500	41,380	41,348	32	
Total operations within "CAPS"	5,125,060	5,119,850	5,111,109	8,741	
Contingent	1,044	1,044		44	1,000
Total Operations Including Contingent-within "CAPS"	5,126,104	5,120,894	5,111,109	8,785	1,000
Detail:					
Salaries and Wages	2,803,609	2,811,820	2,810,218	1,602	
Other Expenses	2,322,495	2,309,074	2,300,891	7,183	1,000
	5,126,104	5,120,894	5,111,109	8,785	1,000
Deferred Charges and Statutory Expenditures:					
DEFERRED CHARGES					
Deficit in Payroll Account	8,000	8,000	8,000		
Overexpenditure of Capital Improvement Fund	571	571	571		
Contribution to:					
Social Security System (O.A.S.I.)	225,000	225,210	223,636	1,574	
Police and Firemen's Retirement System of NJ	338,710	338,710	338,710		
Public Employees' Retirement System	123,608	123,608	123,608		
Defined Contribution Retirement Program	1,000	1,000			1,000
Total Deferred and Statutory Expenditures - Municipal within "CAPS"	696,889	697,099	694,525	1,574	1,000

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

	Appropriation		Expended 2015		Unexpended Balance Cancelled
	Budget	Total for 2015 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Total General Appropriations for Municipal Purposes within "CAPS"	5,822,993	5,817,993	5,805,634	10,359	
Operations excluded from "CAPS": Aid to Library (NJSA 40:54-35) Privately Owned Public Library	6,000 300,710	6,000 300,710	21 213,847	1,579 86,863	4,400
Sewer: Bergen County Utilities Authority Contribution to: LOSAP	587,500 38,000	587,500 38,000	587,302 31,800	198	6,200
Total Other Operations - Excluded from "CAPS"	932,210	932,210	832,970	88,640	10,600
Shared Service Agreements Borough of Rockleigh Police and Court Salaries and Wages Other Expenses	300,000 40,000	300,000 40,000	300,000 38,445	555	1,000
Borough of Rockleigh Public Work Salaries and Wages	20,000	20,000	20,000		
Total Shared Services Agreements	360,000	360,000	358,445	555	1,000
Public and Private Programs Offset by Revenues Body Armor Grant Highway Traffic Safety Program Grant	2,365 1,890	2,365 1,890	2,365 1,890		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

	Appropriation		Expended 2015		Unexpended Balance Cancelled
	Budget	Total for 2015 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Highway Traffic Safety Program Grant	4,000	4,000	4,000		
Highway Traffic Safety Program Grant	3,550	3,550	3,550		
Northvale Drug Alliance - Police Golf	350	350	350		
Alcohol Education and Rehabilitation Fund	236	236	236		
Recycling Tonnage Grant	18,930	18,930	18,930		
Clean Communities Grant	8,367	8,367	8,367		
U.S.D.A. Food Program	2,420	2,420	2,420		
	<u>42,108</u>	<u>42,108</u>	<u>42,108</u>		
Total Public and Private Offset by Revenues					
Total Operations Excluded from "CAPS"	<u>1,334,318</u>	<u>1,334,318</u>	<u>1,233,523</u>	<u>89,195</u>	<u>11,600</u>
Detail:					
Salaries and Wages	320,000	320,000	320,000		
Other Expenses	1,014,318	1,014,318	913,523	89,195	11,600
	<u>1,334,318</u>	<u>1,334,318</u>	<u>1,233,523</u>	<u>89,195</u>	<u>11,600</u>
Capital Improvements - Excluded From "CAPS"					
Down Payments on Improvements	50,000	55,000	55,000		
Capital Improvement Fund					
Total Capital Improvements - Excluded from "CAPS"	<u>50,000</u>	<u>55,000</u>	<u>55,000</u>		
Municipal Debt Service-Excluded from "CAPS"					
Payment of Bond Principal	370,000	370,000	370,000		
Interest on Bonds	73,475	73,475	73,475		

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

	Appropriation		Expended 2015		Unexpended Balance Cancelled
	Budget	Total for 2015 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Interest on Notes	22,045	22,045	20,043		2,002
Total Municipal Debt Service-Excluded from "CAPS"	465,520	465,520	463,518		2,002
Deferred Charges:					
Special Emergency Authorizations-					
Emergency Authorization	30,660	30,660	30,660		
5 years (N.J.S. 40A:4-55)	65,400	65,400	65,400		
Deferred Charges - Bond Ord. - #497	32,594	32,594	32,594		
Deferred Charges - Bond Ord. - #512	4,000	4,000	4,000		
Deferred Charges - Bond Ord. - #561/590	12,180	12,180	12,180		
Deferred Charges - Bond Ord. - #523	855	855	855		
Deferred Charges - Bond Ord. - #847	6,250	6,250	6,250		
Deferred Charges - Bond Ord. - #879	1,762	1,762	1,762		
Deferred Charges - Bond Ord. - #883	1,943	1,943	1,943		
Total Deferred Charges - Municipal - Excluded from "CAPS"	155,644	155,644	155,644		2,002
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	2,005,482	2,010,482	1,907,685	89,195	15,602
Total General Appropriations - Excluded from "CAPS"	2,005,482	2,010,482	1,907,685	89,195	15,602

Borough of Northvale

Statement of Expenditures-Regulatory Basis

Current Fund

Year ended December 31, 2015

	Appropriation		Expended 2015		Unexpended Balance Cancelled
	Budget	Total for 2015 as Modified by All Transfers	Paid or Charged	Reserved	
<u>General Appropriations</u>					
Subtotal General Appropriations	7,828,475	7,828,475	7,713,319	99,554	15,602
Reserve for Uncollected Taxes	645,000	645,000	645,000		
Total General Appropriations	<u>\$ 8,473,475</u>	<u>8,473,475</u>	<u>8,358,319</u>	<u>99,554</u>	<u>15,602</u>
Adopted Budget		<u>8,473,475</u>			
		\$ <u>8,473,475</u>			
Reserve for Uncollected Taxes			645,000		
Transferred to Federal and State Grant Fund			42,108		
Deferred Charges			96,060		
Deferred Charges - Overexpenditure of Capital Improvement Fund			571		
Cash Disbursed			<u>7,574,580</u>		
			\$ <u>8,358,319</u>		

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Animal Trust Fund:			
Cash	B-1	\$ 9,607	7,677
Due from State	B-2	127	
		<u>9,734</u>	<u>7,677</u>
Other Trust Funds:			
Cash	B-1	<u>518,915</u>	<u>518,282</u>
Community Development Block Grant Fund:			
Grants receivable	B-6	<u>38,200</u>	<u>37,000</u>
Unemployment Trust Fund:			
Cash	B-1	70,847	59,647
Due from Payroll Account	F		6,913
		<u>70,847</u>	<u>66,560</u>
Open Space Trust Fund:			
Cash	B-1	<u>445</u>	<u>444</u>
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Cash in Plan	B-1	742,455	761,469
Service Award Contributions Receivable	B-12	37,200	37,200
		<u>779,655</u>	<u>798,669</u>
		<u>\$ 1,417,796</u>	<u>1,428,632</u>

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

Trust Funds

December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Animal Trust Fund:			
Due to State of New Jersey	B-2		5
Reserve for Expenditures	B-3	5,117	5,222
Due to Current Fund	B-9	4,617	2,450
		<u>9,734</u>	<u>7,677</u>
Other Trust Funds:			
Due to General Capital Fund	B-4	36,393	36,393
Due to Current Fund	B-9	448	17,901
Escrow Deposits	B-5	263,427	262,118
Miscellaneous Reserves	B-10	218,647	201,870
		<u>518,915</u>	<u>518,282</u>
Community Development Block Grant Fund:			
Due to Current Fund	B-9	19,100	19,500
Reserve for Community Development	B-7	19,100	17,500
		<u>38,200</u>	<u>37,000</u>
Unemployment Trust Fund:			
Reserve for Unemployment Insurance Compensation	B-8	70,847	66,560
Open Space Trust Fund:			
Reserve for Expenditures	B-11	445	444
Emergency Services Volunteer Length of Service Award Program (unaudited):			
Net Assets available for Benefits	B-13	779,655	798,669
		<u>\$ 1,417,796</u>	<u>1,428,632</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

Comparative Balance Sheet-Regulatory Basis

General Capital Fund

For the Years Ended December 31, 2015 and 2014

	<u>Ref.</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash	C-2/C-3	\$ 658,483	1,227,234
Deferred charges to future taxation:			
Funded	C-4	2,145,000	2,515,000
Unfunded	C-7	4,785,080	3,765,664
Due from Current Fund	C-5		43,815
Due from Escrow Trust Fund	C-8	36,393	36,393
Grants/Contributions Receivable	C-9	491,298	491,298
Due from Federal and State Grant Fund	C-14	22,875	22,875
Overexpenditure of Capital Improvement Fund	C-6		571
		<u>\$ 8,139,129</u>	<u>8,102,850</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds Payable	C-11	2,145,000	2,870,000
Bond Anticipation Notes Payable	C-12	4,000,000	1,500,000
Improvement authorizations:			
Funded	C-10	16,866	84,097
Unfunded	C-10	1,578,762	1,496,883
Interfund - Current Fund	C-5	672	
Capital Improvement Fund	C-13		3,572
Fund balance	C-1	<u>397,829</u>	<u>564,914</u>
		<u>\$ 8,139,129</u>	<u>6,519,466</u>

There were bond anticipation notes authorized but not issued on December 31, 2015 and 2014 of \$785,080 and \$765,664 respectively per Exhibit C-15.

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE

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

General Capital Fund

For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Fund Balance, January 1	\$ 457,414	564,914
Decreased by:		
Transfer to Current - Budget Revenue	<u>59,585</u>	<u>107,500</u>
Fund Balance, December 31	<u>\$ 397,829</u>	<u>457,414</u>

See accompanying notes to financial statements.

BOROUGH OF NORTHVALE
Comparative Balance Sheet-Regulatory Basis
Public Assistance Trust Fund
December 31, 2015 and 2014

	<u>Ref</u>	<u>2015</u>	<u>2014</u>
<u>Assets</u>			
Cash - PATF I	E-1	\$ 109	109
Cash - PATF II	E-1	8,150	8,133
		\$ 8,259	8,242
		\$ 8,259	8,242
<u>Liabilities</u>			
Reserve for Expenditure - PATF I	E-4	\$ 1,109	1,109
Reserve for Expenditure - PATF II	E-4	7,150	7,133
		\$ 8,259	8,242
		\$ 8,259	8,242

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF NORTHVALE

Comparative Statement of General Fixed Assets-Regulatory Basis

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>General Fixed Assets:</u>		
Land and Land Improvements	\$ 5,934,700	5,934,700
Buildings and Building Improvements	2,861,700	2,861,700
Vehicles and Equipment	<u>5,499,268</u>	<u>4,308,391</u>
	<u>\$ 14,295,668</u>	<u>13,104,791</u>
 Investment in Fixed Assets	 <u>\$ 14,295,668</u>	 <u>13,104,791</u>

See accompanying notes to financial statements.

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF NORTHVALE

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2015 AND 2014

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, 2015 AND 2014
(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.

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.

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.

Municipal 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.

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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

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

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

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

Basis of Accounting

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

Property Tax Revenues - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. 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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

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

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

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 2015, the Mayor and Council approved several budget transfers.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

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

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.

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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

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

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.

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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

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

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.

C. Recent Accounting Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This statement, which is effective for fiscal periods beginning after June 15, 2014, will not have any effect on the entity's financial reporting. However, the provisions of this statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

In April of 2013, the Government Accounting Standards Board issued GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement is effective for reporting periods beginning after June 15, 2013 and will not have any impact on the entity's financial statement disclosures.

In November 2013, the Government Accounting Standards Board issued GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014. The provisions of this Statement required significant modifications to the disclosure requirements related to the entity's proportionate share of the cost-sharing defined benefit plans reported at the State of New Jersey level.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

C. Recent Accounting Pronouncements, (continued)

In February 2015, the Government Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for periods beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment 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. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

C. Recent Accounting Pronouncements, (continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Borough is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

C. Recent Accounting Pronouncements, (continued)

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Borough is currently reviewing what effects, if any, this Statement might have on future financial statements.

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, 2015, \$-0- of the Borough's bank balance of \$3,157,743 was exposed to custodial credit risk and as of December 31, 2014, \$-0- of the Borough's bank balance of \$3,321,837 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.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

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

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. 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, 2015 and 2014 amounted to \$742,455 and \$761,469, respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
LVIP SsgA S&P 500 Index	\$338,964	\$353,865
Fixed Income	223,223	226,674
All Others	<u>180,268</u>	<u>180,930</u>
Total	<u>\$742,455</u>	<u>\$761,469</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 3. MUNICIPAL DEBT

Long-term debt as of December 31, 2015 and 2014 consisted of the following:

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$2,515,000	\$	\$370,000	\$2,145,000	\$390,000
Other Liabilities - Compensated Absences Payable	<u>660,963</u>	<u>93,331</u>	<u> </u>	<u>754,294</u>	<u> </u>
	<u>\$3,175,963</u>	<u>\$93,331</u>	<u>\$370,000</u>	<u>\$2,899,294</u>	<u>\$390,000</u>

	<u>Balance</u> <u>Dec. 31, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable - General Obligation Debt	\$2,870,000	\$	\$355,000	\$2,515,000	\$370,000
Other Liabilities - Compensated Absences Payable	<u>717,604</u>	<u>225,938</u>	<u>282,579</u>	<u>660,963</u>	<u> </u>
	<u>\$3,587,604</u>	<u>\$225,938</u>	<u>\$637,579</u>	<u>\$3,175,963</u>	<u>\$370,000</u>

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>2015</u>	<u>2014</u>	<u>2013</u>
Issued - general bonds and notes	<u>\$6,145,000</u>	<u>\$5,515,000</u>	<u>\$4,370,000</u>
Net debt issued	6,145,000	5,515,000	4,370,000
Authorized but not issued - general bonds and notes	<u>785,080</u>	<u>765,664</u>	<u>884,564</u>
	<u>6,930,080</u>	<u>6,280,664</u>	<u>5,254,564</u>
Less Deductions	<u> </u>	<u> </u>	<u> </u>
Net bonds and notes issued and authorized but not issued	<u>\$6,930,080</u>	<u>\$6,280,664</u>	<u>\$5,254,564</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 3. MUNICIPAL DEBT, (continued)

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 .72% for 2015.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School debt	\$4,149,832	\$4,149,832	\$0
General debt	<u>6,930,080</u>	<u> </u>	<u>6,930,080</u>
	<u>\$11,079,912</u>	<u>\$4,149,832</u>	<u>\$6,930,080</u>

Net debt of \$6,930,080 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$962,298,382 equals .72%.

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 .689% for 2014.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School debt	\$4,626,942	\$4,626,942	\$0
General debt	<u>6,280,664</u>	<u> </u>	<u>6,280,664</u>
	<u>\$10,907,606</u>	<u>\$4,626,942</u>	<u>\$6,280,664</u>

Net debt of \$6,280,664 divided by equalized valuation basis per N.J.S.A. 40A:2-2, as amended, of \$911,862,598 equals .689%.

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

	<u>2015</u>	<u>2014</u>
3-1/2% of equalized valuation basis (municipal)	\$33,680,443	\$31,915,191
Net debt	<u>6,930,080</u>	<u>6,280,664</u>
	<u>\$26,750,363</u>	<u>\$25,634,527</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 3. MUNICIPAL DEBT, (continued)

The Borough's long-term debt consisted of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</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%	<u>\$2,145,000</u>	<u>\$2,515,000</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$390,000	\$63,000	\$453,000
2017	410,000	50,744	460,744
2018	430,000	37,619	467,619
2019	450,000	23,588	473,588
2020	<u>465,000</u>	<u>8,137</u>	<u>473,137</u>
Total	<u>\$2,145,000</u>	<u>\$183,088</u>	<u>\$2,328,088</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, 2015, the Borough had authorized but not issued debt of \$785,080.

NOTE 4. BOND ANTICIPATION NOTES

On December 31, 2015, the Borough had \$4,000,000 outstanding General Capital Fund bond anticipation notes due on November 10, 2016 at an interest rate of .68%. The notes are expected to be renewed for another one year period upon maturity.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Notes Payable:				
Valley National Bank	\$3,000,000	\$	\$3,000,000	\$0
PNC Bank, N.A.	<u> </u>	<u>4,000,000</u>	<u> </u>	<u>4,000,000</u>
	<u>\$3,000,000</u>	<u>\$4,000,000</u>	<u>\$3,000,000</u>	<u>\$4,000,000</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS

Description of Systems:

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Police and Firemens' Retirement System (PFRS) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Public Employees' Retirement System and the Police and Firemens' Retirement System (PFRS) are considered a cost sharing multiple-employer plans. According to the State of New Jersey Administrative Code, all obligations of the systems will be assumed by the State of New Jersey should the systems terminate.

Public Employees' Retirement System (PERS)

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to certain qualified members. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system. Vesting occurs after 8-10 years of service and 25 years for health care coverage. Members are eligible for retirement at age 60 with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of creditable service. Early retirement is available to those under age 60 with 25 or more years of credited service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on contributions. In case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 62, plus 3% for every year under age 55.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems: (continued)

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

Chapter 1, P.L. 2010, effective May 21, 2010, changed the membership eligibility criteria for new members of PERS from the amount of compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to 1/60 from 1/55, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in fiscal year 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 78, P.L. 2011, provides that new members of PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. Tier 5 members will be eligible for a service retirement benefit at age 65.

Police and Firemens' Retirement System (PFRS)

The Police and Firemens' Retirement System was established in July 1944 under the provisions of N.J.S.A. 43:16A to provide retirement, death and disability benefits to its members. Membership is mandatory for all full time county and municipal police and firemen, and state firemen or officer employees with police powers appointed after June 30, 1944.

Enrolled members of the Police and Firemens' Retirement System may retire at age 55 with no minimum service requirement. The annual allowance is equal to 2% of the members' final compensation for each year of service up to 30 years, plus 1% of each year of creditable service over 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Special retirement is permitted to members who have 25 or more years of creditable service in the system.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

Description of Systems: (continued)

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

Benefits fully vest on reaching 10 years of service. Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions.

Chapter 1, P.L. 2010, effective May 21, 2010, eliminated the provision in PFRS that would permit a member to retire, at any age after 25 years of service credit, on a special retirement allowance of 70% of final compensation after the retirement system reaches a funded level of 104%. Also, for new members of PFRS, the law capped the maximum compensation that can be used to calculate a pension from the plan at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary.

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 for PERS and PFRS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Divisions of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Defined Contribution Retirement Program

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. The waiver is irrevocable.

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee, employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment option provided by the employer.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

Defined Contribution Retirement Program, (continued)

The law requires that three classes of employees enroll in the DCRP detailed as follows:

All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may retain in the PERS.

A Governor appointee with advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.

Other employees commencing service after July 1, 2007, pursuant to an appointment by an elected official or elected governing body which include the statutory untenured Chief Administrative Officer such as the Business Administrator, County Administrator, or Municipal or County Manager, Department Heads, Legal Counsel, Municipal or County Engineer, Municipal Prosecutor and the Municipal Court Judge.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

Contributions made by employees for DCRP are currently at 5.5% of the base wages. Member contributions are matched by a 3.0% employer contribution.

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.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

Contribution Requirements, (continued)

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>
2015	\$123,608	\$338,710
2014	104,260	297,645
2013	103,136	336,264

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.

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, 2015, the Borough had a liability of \$3,570,214 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the Borough's proportion was .0159043785 percent, which was an increase/(decrease) of .00091042 percent from its proportion measured as of June 30, 2014.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

For the year ended December 31, 2015, the Borough recognized pension expense of \$123,608. At December 31, 2015, 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	\$85,173	\$
Changes of assumptions	383,412	
Net difference between projected and actual earnings on pension plan investments		57,402
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>297,046</u>	<u> </u>
Total	<u>\$765,631</u>	<u>\$57,402</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) 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 will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$74,856
2017	74,856
2018	74,856
2019	119,220
2020	67,395

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
Borough s Proportion	.0159043785%	.0149939547%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, 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, 2015</u>		
	1% Decrease <u>3.90%</u>	At Current Discount Rate <u>4.90%</u>	1% Increase <u>5.90%</u>
Borough's proportionate share of the pension liability	\$4,437,339	\$3,570,214	\$2,843,223

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Public Employees Retirement System (PERS), (continued)

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, 2015, the Borough had a liability of \$7,280,376 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the Borough's proportion was .04370888 percent, which was an increase/(decrease) of (.0039002) percent from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the Borough recognized pension expense of \$338,710. At December 31, 2015, 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	\$	\$62,796
Changes of assumptions	1,344,138	
Net difference between projected and actual earnings on pension plan investments		126,709
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>296,679</u>	<u>42,780</u>
Total	<u>\$1,640,817</u>	<u>\$232,285</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2015) 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 will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$219,286
2017	219,286
2018	219,286
2019	359,554
2020	137,222

Additional Information

Local Group Collective balances at June 30, 2015 and June 30, 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,512,729,953	\$750,532,959
Collective deferred inflows of resources	871,083,367	1,561,923,934
Collective net pension liability	136,656,514,197	13,933,627,178
Borough's Proportion	.04370888%	.04409890%

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.60-9.48 Percent (based on age)
Thereafter	3.60-10.48 Percent (based on age)
Investment Rate of Return	7.90 Percent

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected one year using Projection Scale AA and one year using Projection Scale BB for male service retirements with adjustments for mortality improvements from the base year based on Projection Scale BB. Mortality rates were based on the RP-2000 Combined Healthy Mortality Tables projected fourteen years using Projection Scale BB for female service retirements and beneficiaries with adjustments for mortality improvements from the base year of 2014 based on Projection Scale BB.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments 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. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2015 are summarized in the following table:

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

The discount rate used to measure the total pension liability was 5.79% and 6.32% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2045. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2045, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 5. PENSION PLANS, (continued)

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

Police and Firemen's Retirement System, (continued)

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, 2015, respectively, 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, 2015		
	1%	At Current	1%
	Decrease	Discount Rate	Increase
	<u>4.79%</u>	<u>5.79%</u>	<u>6.79%</u>
Borough's proportionate share of the pension liability	\$9,801,081	\$7,280,376	\$5,224,965

Pension Plan Fiduciary Net Position

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

NOTE 6. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 5, the Borough provides post employment health care benefits in accordance with the provisions of Ch. 88, P.L. 1974 as amended by Chapter 436, P.L. 1981, at its cost.

Plan Description

The Borough of Northvale contributes to the State Health Benefits Program (SHBP) a cost-sharing, multi-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. The SHBP was established in 1961 under N.J.S.A. 52:14-17.25 et seq. to provide health benefits to State employees, retirees, and their dependents.

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

NOTE 6. OTHER POST EMPLOYMENT BENEFITS, (continued)

The SHBP was extended to employees, retirees, and dependents of participating local public employers in 1964. Local employers must adopt a resolution to participate in the SHBP. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. SHBP provides medical, prescription drugs, mental health/substance abuse, and Medicare Part B reimbursement to retirees and their covered dependents.

The State Health Benefits Commission is the executive body established by statute to be responsible for the operation of the SHBP. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for the SHBP. That report may be obtained by writing to: State of New Jersey Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295 or by visiting their website at <http://www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf>

NOTE 7. FUND BALANCE APPROPRIATED

The Current Fund balance at December 31, 2015 and 2014 which has been appropriated as revenue in the 2016 budget is \$400,000 and \$350,000 in 2015.

NOTE 8. FIXED ASSETS

The following is a summary of the General Fixed Assets Account Group as of December 31, 2015 and 2014.

	Balance Dec. 31, 2014	<u>Additions</u>	<u>Deletions</u>	Balance Dec. 31, 2015
Land	\$5,934,700			\$5,934,700
Building and Building Improvements	2,861,700			2,861,700
Machinery and Equipment	<u>4,308,391</u>	<u>\$1,190,877</u>	<u>\$-0-</u>	<u>5,499,268</u>
	<u>\$13,104,791</u>	<u>\$1,190,877</u>	<u>\$-0-</u>	<u>\$14,295,668</u>

	Balance Dec. 31, 2013	<u>Additions</u>	<u>Deletions</u>	Balance Dec. 31, 2014
Land	\$5,934,700			\$5,934,700
Building and Building Improvements	2,861,700			2,861,700
Machinery and Equipment	<u>4,084,435</u>	<u>\$223,956</u>	<u>\$-0-</u>	<u>4,308,391</u>
	<u>\$12,880,835</u>	<u>\$223,956</u>	<u>\$-0-</u>	<u>\$13,104,791</u>

**BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)**

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 \$754,294 as of December 31, 2015. 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, 2015 consist of the following:

\$36,393	Due to the General Capital Fund from the Escrow Trust Fund to reimburse prior year expenses paid.
19,100	Due to the Current Fund from the Community Development Grant Fund to reimburse grant expenditures paid.
448	Due to the Current Fund from the Other Trust Fund for interest earned on investments.
672	Due to the Current Fund from the General Capital Fund for the deferred charges budget appropriation less interest earnings.
22,875	Due to the General Capital Fund from the Federal and State Grant Fund as reimbursement for prior year expenditures.
159,603	Due to the Federal and State Grant Fund from the Current Fund for grants received less expenses paid.
<u>4,617</u>	Due to the Current Fund from the Animal License Trust Fund for Statutory Excess less disbursements made in error.
<u>\$243,708</u>	

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.

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

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

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, 2015 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 2015 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, 2015 AND 2014
(continued)**

NOTE 12. RISK MANAGEMENT, (continued)

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

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

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

NOTE 13. TAXES COLLECTED IN ADVANCE

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

	Balance <u>Dec 31, 2015</u>	Balance <u>Dec 31, 2014</u>
Prepaid Taxes	<u>\$41,318</u>	<u>\$45,714</u>
Cash Liability for Taxes Collected in Advance	<u>\$41,318</u>	<u>\$45,714</u>

BOROUGH OF NORTHVALE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(continued)

NOTE 14. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

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

	<u>Balance</u> <u>Dec.31, 2015</u>	<u>2016</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance</u> <u>Succeeding</u> <u>Year Budget</u>
Current Fund:			
Emergency Authorizations:			
Down Payments on Improvements	\$	\$	\$
Overexpenditure of Appropriation Reserves	7,930	7,930	
Special Emergency Authorizations	<u>157,500</u>	<u>55,400</u>	<u>102,100</u>
Total Current Fund	<u>\$165,430</u>	<u>\$63,330</u>	<u>\$102,100</u>

NOTE 15. LITIGATION

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

NOTE 16. SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through June 28, 2016, the date which the financial statements were available to be issued and no other items were noted for disclosure.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY DATA

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2015

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>
Ed Piehler	Mayor		
Patrick Marana	Council President		
Michael Small	Councilman		
Ken Shepard	Councilman		
Roy Sokoloski	Councilman		
Peter Sotiropoulos	Councilman		
Toni Macchio	Councilwoman		
Shuaib Firozvi	Chief Financial Officer/Treasurer		
Wanda Worner	Borough Clerk		
Suzanne Burroughs	Tax Collector	\$ 1,000,000	(A)
Nicola Lepore	Construction Code Official		
Frank Giordanno	Plumbing Subcode Official		
Joseph Zavardino	Fire Subcode Official		
Roger Hauser	Municipal Court Judge	\$ 1,000,000	(A)
Maria Doerr	Municipal Court Administrator	\$ 1,000,000	(A)
Diane Frohlich	Deputy Court Administrator	\$ 1,000,000	(A)
John Guercio	Assessor		
William Essmann	Chief of Police		
Carol O'Brien	Borough Engineer - Maser Engineering		
John L. Shahdanian II	Borough Attorney		

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

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2015

Comparative Schedule of Tax Rate Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Tax rate	2.633	2.573	2.514
Apportionment of tax rate:			
Municipal	0.661	0.663	0.663
Library	0.035		
County	0.254	0.250	0.247
County Open Space	0.003	0.003	0.003
District School	1.041	1.023	1.000
Regional school	<u>0.639</u>	<u>0.634</u>	<u>0.601</u>
Assessed valuation:			
2015		\$ 854,483,603	
2014		851,385,600	
2013		852,170,100	

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 collec- tions</u>	<u>Percent- age of collec- tions</u>
2015	\$ 22,559,110	21,964,797	97.37%
2014	21,983,037	21,413,040	97.41%
2013	21,490,894	20,867,058	97.10%

BOROUGH OF NORTHVALE

Supplementary Data

Year ended December 31, 2015

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>
2015	\$ 54,131	566,863	620,994	2.75%
2014	50,711	538,798	589,509	2.68%
2013	47,368	600,648	648,016	3.02%

Property Acquired by Tax Title Lien Liquidation

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>
2015	\$ 2,156,700
2014	2,156,700
2013	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		
2015	\$ 897,520	400,000
2014	818,037	350,000
2013	873,543	200,000
2012	330,796	115,000
2011	505,796	175,000

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF NORTHVALE

Schedule of Expenditures of Federal Awards

Year ended December 31, 2015

Federal Funding Department	Federal Program	C.F.D.A. Number	Grant award amount	Grant period	Grant Receipts	Expenditures	MEMO cumulative Expenditures	
(1) U.S. Department of Transportation Federal Highway Administration	Highway Planning and Construction - Livingston Street Sidewalk Imps. (Phase II, III) - Ord. 923	20.205	150,000	2013			150,000	
	Paris Avenue Corridor Streetscape - Ord. 943 14-480-078-6320-ALW	20.205	159,597	2014			150,000	
							150,000	
(1) U.S. Department of Transportation National Highway Traffic Safety Adm.	Occupant Protection Incentive Grants							
	Click it or Ticket	20.616	3,456	1/1/15-12/31/15	3,456			
	Click it or Ticket	20.616	3,550	1/1/14-12/31/14				
	Click it or Ticket	20.602	4,000	1/1/13-12/31/13				
	Alcohol Impaired Driving Countermeasures Incentive Grants,							
	COPS in Shops	20.616	3,200	1/1/15-12/31/15	3,200			
	COPS in Shops	20.616	4,000	1/1/14-12/31/14				
(1) U.S. Department of Homeland Security	COPS in Shops	20.601	1,890	1/1/13-12/31/13				
	COPS in Shops	20.601	4,000	1/1/12-12/31/12	6,656			
(1) U.S. Department of Homeland Security	FEMA Reimbursement - Hurricane Sandy	97.036	15,942		15,942	15,942		
(2) Housing and Urban Development (Trust Fund)	Community Development Block Grant Program							
	Operation of McGuire Senior Center (21-213-746-205-33-52)	14.218	38,200	7/1/15-6/30/16		19,100	19,100	
	Operation of McGuire Senior Center (21-213-745-205-33-52)	14.218	37,000	7/1/14-6/30/15	37,000	17,500	37,000	
	Senior Center Heating System (210-124-759-33-09)	14.218	10,000	7/1/09-6/30/10	37,000	36,600	8,275	
(2) Department of Agriculture	USDA - Dining with Dignity	10.565	2,068	1/1/15-12/31/15	2,068			
	USDA - Dining with Dignity	10.565	2,640	1/1/14-12/31/14		519	519	
	USDA - Dining with Dignity	10.565	2,640	1/1/13-12/31/13	2,068	140	2,640	
(2) Health and Human Services	Title III Older Americans Act					659	3,159	
		13.635	13,522	1/1/12-12/31/12			13,522	
					\$	61,666	53,201	246,839

(1) - Passed through the State of New Jersey
(2) - Passed through the County of Bergen.

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

A - Grants Receivable of \$38,200, appropriated reserve of \$19,100.
B - Grants Receivable of \$1,275, appropriated reserve of \$1,275

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF NORTHEVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2015

State Funding Department	State Program	State Grant No.	Grant period	Grant award amount	Cash received	Grant Expenditures	MEMO Cumulative Expenditures			
Administration of the Courts	Alcohol Education and Rehabilitation	9735-760-098-Y900-01-X100	2015	295	295					
			2014	236						
			2012	108						
			2011	647						
			2010	1,508						
			2009	928						
			2008	1,017						
			2007	1,579						
			2006	1,651						
			2005	1,760	295		1,757			
							1,757			
Division of Motor Vehicles	Drunk Driving Enforcement Fund	6400-10-078-6400	2015	4,333	4,333		764			
			2013	1,140						
			2012	2,335						
			2011	3,391						
			2010	3,853						
			2009	2,856						
			2008	4,708						
			2007	5,049						
						2007	5,049	4,333		1,977
										3,161
Department of Transportation Transportation Trust Fund	Veteran's Drive, Phase II - Ord. 781 Veteran's Drive, Phase I - Ord. 775 Hill Terrace School Warming Lights, Curbs, Sidewalks - Ord. 729	8100-133-5837 8100-133-5837 8100-133-5837	1999	70,000			70,000			
			1999	150,000			150,000			
			1998	40,000			40,000			
								260,000		
Department of Environmental Protection	Clean Communities Clean Communities Clean Communities Clean Communities Hazardous Discharge Site Remediation-Deluxe (New Jersey Economic Development Authority) Hazardous Discharge Site Remediation (New Jersey Economic Development Authority) Recycling Tonnage Grant	4900-765-042-4900-004 4900-765-042-4900-004 4900-765-042-4900-004 4900-765-042-4900-004 P37389 P17496 4900-752-042-4900-001	2015	10,088	10,088					
			2014	8,367						
			2013	8,921						
			2012	7,599						
			2012	380,705		79,693		378,729		
			2006	11,143				9,125		
			2014	18,930						
						2014	18,930	10,088		394,134
										79,693
										394,134

BOROUGH OF NORTHEVALE

Schedule of Expenditures of State Awards

Year ended December 31, 2015

	State Program	State Grant No.	Grant period	Grant award amount	Cash received	Grant Expenditures	MEMO Cumulative Expenditures
(2) County of Bergen State Funding Department	Municipal Drug Alliance		2013	9,520	2,351		6,576
			2010	10,000	1		10,000
			2009	10,000			5,361
			2006	10,000	389		18,723
			2005	10,000	8,526		10,000
				2,352	8,915		50,660
Division of Criminal Justice	Body Armor Replacement Fund	1020-718-066-1020-001-YCJS	2015	1,679	1,679		
			2014	1,765	1,679		
Department of Human Services	Public Assistance	7500-150-158010-60	2014				
				\$ 18,747	88,608	709,712	
<i>Total State Financial Assistance</i>							
Other Financial Assistance County of Bergen	Livingston Street Improvements Improvements to Tappan Road		2008	750,000			537,384
			2001	514,550			479,471
							1,016,855
County of Bergen Open Space Trust Fund	Construction of a Gazebo at Hogan's Park - Ord. 943-14 Imps. To Veteran's Park (playground equipment, conversion of roller hockey rink to basketball court - 006-910-785-20-31)	03-200-56-130-910	2014	40,000			
			2009	63,352			63,352
							63,352

BOROUGH OF NORTHYALE

Schedule 2

Schedule of Expenditures of State Awards

Year ended December 31, 2015

Local	State Funding Department	State Grant No.	Grant period	Grant award amount	Cash received	Grant Expenditures	MEMO Cumulative Expenditures
	<u>State Program</u>						
	Donation - Police Body Armor		2014	600			
	Northvale Drug Alliance - Local		2015	2,350	2,350		
	DARE Donations - Golf Program		2014	350		350	350
	DARE Donations - Golf Program		2012	675		675	675
	DARE Donations - Golf Program		2011	4,097		755	4,097
	Recreation Batting Cages		Various				
	Senior Citizen Computers		Various				
	Senior Citizen Caregivers		Various				
	Mary McDougal		Various				
	<i>Total Other Financial Assistance</i>			<u>2,350</u>	<u>2,350</u>	<u>1,780</u>	<u>5,122</u>
	<i>Total State and Other Financial Assistance</i>			\$ <u>2,350</u>	\$ <u>2,350</u>	\$ <u>1,780</u>	\$ <u>547,945</u>
				\$ <u>21,097</u>	\$ <u>90,388</u>	\$ <u>1,257,657</u>	

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

(2) Passed through the State of New Jersey

THIS PAGE INTENTIONALLY LEFT BLANK

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Current Fund

Year ended December 31, 2015

		Regular <u>fund</u>
Balance, December 31, 2014		\$ 1,044,516
Increased by receipts:		
Petty Cash	\$ 200	
Prepaid taxes	41,318	
Taxes receivable	22,413,122	
Revenue accounts receivable	1,715,590	
Miscellaneous revenue not anticipated	98,167	
Tax overpayments	28,119	
Marriage License/Domestic Partnership Fees	600	
DCA fees	10,900	
State of New Jersey - Veterans and Senior Citizens	46,250	
Various Reserves	445,646	
Grants Receivable	2,352	
Unappropriated grant reserves	27,469	
Interfunds	<u>158,201</u>	
		<u>24,987,934</u>
		26,032,450
Decreased by disbursements:		
Budget appropriations	7,574,580	
Appropriation reserves	49,144	
Petty Cash	200	
County taxes	2,194,586	
Local district school taxes	8,895,764	
Regional high school taxes	5,457,753	
Tax overpayments	21,889	
Tax Court Refunds	73,201	
Interfunds	81,600	
Marriage License/Domestic Partnership Fees	475	
DCA fees	9,877	
Various reserves	11,882	
Appropriated grant reserves	<u>91,047</u>	
		<u>24,461,998</u>
Balance, December 31, 2015		\$ <u><u>1,570,452</u></u>

Exhibit A-5

BOROUGH OF NORTHVALE

Schedule of Change Fund

Current Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$ <u>200</u>
Balance, December 31, 2015	\$ <u><u>200</u></u>
Analysis of balance:	
Tax collector	50
Municipal court	<u>150</u>
	\$ <u><u>200</u></u>

Exhibit A-6

Schedule of Petty Cash Fund

Current Fund

Year ended December 31, 2015

Increased by:	
Petty Cash Advanced	\$ <u>200</u>
Decreased by:	
Petty Cash Returned	\$ <u><u>200</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, 2015

Balance, December 31, 2014		\$	(4,392)
Increased by:			
Senior Citizen Deductions per tax duplicate	\$	8,000	
Veteran Deductions per tax duplicate		<u>37,750</u>	
			<u>45,750</u>
			41,358
Decreased by:			
Deductions disallowed by Tax Collector		250	
Deductions disallowed by Tax Collector-2014		500	
Cash Receipts		<u>46,250</u>	
			<u>47,000</u>
Balance, December 31, 2015		\$	<u><u>(5,642)</u></u>

BOROUGH OF NORTHVALE
Schedule of Taxes Receivable and
Analysis of 2015 Property Tax Levy

		Current Fund						
		Year ended December 31, 2015						
Year	Total 2015 Levy	Added	2014 Collections	2015 Collections	Veterans and Senior Citizens	Transferred to Tax Title Liens	Remitted, abated or cancelled	Balance, Dec. 31, 2015
2014	\$ 538,798	741	45,714	539,539	45,500	3,420	24,030	566,863
2015	\$ 538,798	60,557	45,714	21,873,583	45,500	3,420	24,030	566,863
		61,298	45,714	22,413,122	45,500	3,420	24,030	566,863

Analysis of Property Tax Levy

Tax yield:	
General purpose tax	\$ 22,498,553
Added taxes (S4:4-63.12 et seq.)	<u>60,557</u>
	\$ <u>22,559,110</u>

Tax levy:	
Regional high school tax	5,457,753
Local district school tax	8,895,764
County tax	2,188,651
Amount due county/added taxes	5,935
Local tax/municipal purposes	5,954,477
Additional tax levied	<u>56,530</u>
	\$ <u>22,559,110</u>

BOROUGH OF NORTHVALE

Schedule of Tax Title Liens

Current Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$ 50,711
Increased by:	
Transfers from 2015 taxes receivable	<u>3,420</u>
Balance, December 31, 2015	<u>\$ 54,131</u>

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

Current Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$ <u>2,156,700</u>
Balance, December 31, 2015	<u>\$ 2,156,700</u>

BOROUGH OF NORTHVALE

Schedule of Revenue Accounts Receivable

Current Fund

Year ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	<u>Accrued</u>	<u>Received</u>	Balance, Dec. 31, <u>2015</u>
Licenses:				
Alcoholic beverages	\$	16,177	16,177	
Other		16,550	16,550	
Fees and permits:				
Construction Code Official		214,300	214,300	
Other		46,742	46,742	
Fines and costs - municipal court - Northvale	4,934	81,725	81,282	5,377
Fines and costs - municipal court - Rockleigh		8,271	8,271	
Interest and costs on taxes		169,613	169,613	
Interest on investments and deposits		3,155	3,155	
Consolidated Municipal Tax Relief		32,576	32,576	
Energy Receipts Tax		528,729	528,729	
Borough of Rockleigh-Police/Court Services		338,963	338,963	
Borough of Rockleigh-Public Works Services		20,000	20,000	
Life Hazard Use Fees		26,562	26,562	
Donation - Senior Center		3,598	3,598	
Cable TV Franchise Fees		60,900	60,900	
Senior Van Driver - Senior Financial Association		24,000	24,000	
Compost Program - Hillsdale		64,592	64,592	
General Capital Fund Balance		59,584	59,584	
	\$ <u>4,934</u>	<u>1,716,037</u>	<u>1,715,594</u>	<u>5,377</u>
		Interest on Investments	4	
		Cash Receipts	<u>1,715,590</u>	
		\$	<u><u>1,715,594</u></u>	

BOROUGH OF NORTHVALE

Schedule of Deferred Charges

Current Fund

Year ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Decreased by: Budget <u>Appropriation</u>	Balance, Dec. 31, <u>2015</u>
Current Fund:			
Emergency Authorizations:			
Down Payments on Improvements	\$ 30,660	30,660	
Overexpenditure of Appropriation Reserves	<u>7,930</u>		<u>7,930</u>
Total Deferred Charges	<u>\$ 38,590</u>	<u>30,660</u>	<u>7,930</u>

BOROUGH OF NORTHVALE

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

Current Fund

Year ended December 31, 2015

Purpose	Date Authorized	Net Amount Authorized	1/5th of Net Amount Authorized	Balance, Dec. 31, 2014	Decreased	Balance, Dec. 31, 2015
Reassessment of Property	Oct. 13, 2010	50,000	10,000	10,000	10,000	
Accumulated Absence Payout	Sept. 14, 2011	78,000	15,600	31,200	15,600	15,600
Accumulated Absence Payout	Dec. 30, 2013	86,500	17,300	69,200	17,300	51,900
Accumulated Absence Payout	Dec. 30, 2014	112,500	22,500	112,500	22,500	90,000
		<u>\$ 327,000</u>	<u>\$ 65,400</u>	<u>\$ 222,900</u>	<u>65,400</u>	<u>157,500</u>

BOROUGH OF NORTHVALE
Schedule of Local District School Taxes
Current Fund
Year ended December 31, 2015

Increased by:	
2015 Levy	\$ <u>8,895,764</u>
Decreased by:	
Payments	\$ <u><u>8,895,764</u></u>

Schedule of Regional High School Taxes
Current Fund
Year ended December 31, 2015

Increased by:	
2015 Levy	\$ <u>5,457,753</u>
Decreased by:	
Payments	\$ <u><u>5,457,753</u></u>

BOROUGH OF NORTHVALE

Schedule of County Taxes

Current Fund

Year ended December 31, 2015

Increased by:	
2015 Levy	\$ 2,165,826
2015 Open Space Preservation	22,825
2015 Added Taxes	<u>5,935</u>
	<u>2,194,586</u>
Decreased by:	
Payments	\$ <u><u>2,194,586</u></u>

BOROUGH OF NORTHVALE

Schedule of Prepaid Taxes

Current Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$	45,714
Increased by:		
2016 Taxes Received in 2015		<u>41,318</u>
		87,032
Decreased by:		
Applied to 2015		<u>45,714</u>
Balance, December 31, 2015	\$	<u><u>41,318</u></u>

Schedule of Tax Overpayments Payable

Current Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$	2,763
Increased by:		
Overpayments received		<u>28,119</u>
		30,882
Decreased by:		
Overpayments Refunded		<u>21,889</u>
Balance, December 31, 2015	\$	<u><u>8,993</u></u>

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

Current Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$	200
Increased by:		
Cash Receipts		600
		800
Decreased by:		
Cash Disbursements		475
Balance, December 31, 2015	\$	325

Schedule of Due to State of New Jersey - DCA Fees

Current Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$	1,955
Increased by:		
Receipts		10,900
		12,855
Decreased by:		
Disbursements		9,877
Balance, December 31, 2015	\$	2,978

BOROUGH OF NORTHVALE

Schedule of Interfunds (Receivable)/Payable

Current Fund

Year ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance, Dec. 31, <u>2015</u>
Due from/(to):				
General Capital Fund	43,815	46,243	1,756	(672)
Animal License Trust Fund	(2,450)	4,622	2,455	(4,617)
Other Trust Fund	(340)	108		(448)
Summer Recreation Trust Fund	(17,561)		17,561	
Community Development Trust Fund	(19,500)	36,600	37,000	(19,100)
Payroll	(100,000)		100,000	
	<u>\$ (96,036)</u>	<u>87,573</u>	<u>158,772</u>	<u>(24,837)</u>
Interest on Investments		1,351		
Deferred Charges - Over-Expenditure of Capital Improvement Fund			571	
Interfunds Advanced - Cash Disbursed Disbursements		19,100		
Statutory Excess		4,622		
Interfunds Returned Receipts			140,082	
			<u>18,119</u>	
		<u>\$ 87,573</u>	<u>158,772</u>	

BOROUGH OF NORTHVALE
Schedule of Due to Federal and State Grant Fund
Current Fund
Year Ended December 31, 2015

Balance - December 31, 2014		\$ 220,829
Increased by:		
Grants Receivable Collected	\$ 2,352	
Unappropriated Grants Received	<u>27,469</u>	
		<u>29,821</u>
		250,650
Decreased by:		
Appropriated Reserve Expenditures		<u>91,047</u>
Balance - December 31, 2015		<u><u>\$ 159,603</u></u>

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and wages:				
Within "CAPS":				
General Government:				
Administrative and Executive	93	93		93
Mayor and Council	241	241		241
Financial Administration	72	72		72
Municipal Court	362	362		362
Police	61	61		61
Road Repairs and Maintenance	108	108		108
Recycling	9	9		9
James F. McGuire Memorial Center	437	437		437
Senior Van Driver	5,837	5,837		5,837
Uniform Construction Code Official	35	35		35
Other expenses:				
Within "CAPS":				
General Government:				
Administrative and Executive	319	4,319	2,500	1,819
Annual Audit	55	55		55
Financial Administration	5	5		5
Collection of Taxes	25	25		25
Assessment of Taxes	26	26		26
Legal Services and Costs	1,697	6,997	6,962	35
Engineering	536	13,983	13,381	602
Municipal Land Use:				
Planning Board	50	50		50
Municipal Court	82	82		82
Police	8,033	828	795	33
First Aid Organization	5,000			
Emergency Management Services	405	405		405
Insurance				
Workers Compensation	43	43		43
Other Insurance	18	18		18
Liability Insurance	70	70		70

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after transfers and <u>encumbrances</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and wages:				
Group Insurance for Employees	24	24		24
Fire Misc. expenses	3,840	8,615	4,775	3,840
Fire hydrant service	3	3		3
Interboro Radio-Other Expenses	316	316		316
Fire Prevention Bureau	427	427		427
Road Repairs and Maintenance	2,310	4,288		4,288
Garbage and Trash Removal:				
Contractual	120	120		120
Tipping Fees-BCUA	127	127		127
Recycling	104	348		348
Public Buildings and Grounds	4,307	2,746	150	2,596
Sewer Repairs and Maintenance	303	327	24	303
Senior Van Repairs	1,661	1,661		1,661
Board of Health	77	77		77
Animal Control	510	510		510
James F. McGuire Memorial Center	1,784	1,784		1,784
Parks and Playgrounds	126	126		126
Golden Age	695	695		695
Celebration of Public Events	151	151		151
Uniform Construction Code	79	152	73	79
Code Compliance	25	25		25
Gasoline	140	2,540	2,375	165
Street Lighting	637	11,293	10,656	637
Electricity	2,430	7,488	5,058	2,430
Telephone	269	1,569	1,568	1
Natural Gas	82	82		82
Water	490	490		490
Contingent	40	40		40
Social Security System (O.A.S.I.)	14	14		14

BOROUGH OF NORTHVALE

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Balance after transfers and <u>encumbrances</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Salaries and wages:				
Other expenses:				
Outside "CAPS":				
Aid to Library (NJSA 40:54-35)				
Privately Owned	950	1,777	827	950
Sewer:				
Bergen County Utilities Authority	<u>142</u>	<u>142</u>		<u>142</u>
	<u>\$ 45,802</u>	<u>82,118</u>	<u>49,144</u>	<u>32,974</u>

Appropriation Reserves		45,802		
Encumbrances		<u>36,316</u>		
		<u>\$ 82,118</u>		

BOROUGH OF NORTHVALE

Schedule of Reserve for Encumbrances

Current Fund

Year ended December 31, 2015

Balance - December 31, 2013	\$ <u>36,316</u>
Decreased by:	
Transferred to appropriation reserves	\$ <u><u>36,316</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Various Reserves

Current Fund

Year ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, Dec. 31, <u>2015</u>
Reserve for:				
Tax Sale Premiums	\$ 14,000	443,100		457,100
McGuire Senior Center	62,273	2,546	11,882	52,937
Senior Citizens Van Donations	2,681			2,681
Cultural Arts Committee	3,379			3,379
Beautification Committee	<u>4,050</u>			<u>4,050</u>
	<u>\$ 86,383</u>	<u>445,646</u>	<u>11,882</u>	<u>520,147</u>

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

State and Federal Grants

Year ended December 31, 2015

	Balance, Dec. 31, <u>2014</u>	2015 Budget <u>Revenue</u>	Decreased by: <u>Received</u>	Balance, Dec. 31, <u>2015</u>
Purpose:				
Clean Communities	\$	8,367	8,367	
Body Armor Grant		2,365	2,365	
Alcohol Education and Rehabilitation Fund		236	236	
USDA Food		2,420	2,420	
Recycling Tonnage Grant		18,930	18,930	
Municipal Alliance	5,946		2,352	3,594
Northvale Drug Alliance (Golf Program)		350	350	
Click it or Ticket		3,550	3,550	
Cops in Shops		5,890	5,890	
Community Development Block Grant - Senior Center Heating System	<u>1,275</u>			<u>1,275</u>
	<u>\$ 7,221</u>	<u>42,108</u>	<u>44,460</u>	<u>4,869</u>
		Cash Receipts	2,352	
		Unappropriated Grant Reserves	42,108	
		\$	<u>44,460</u>	

BOROUGH OF NORTHVALE

Schedule of Appropriated Reserves for

State and Federal Grants

Year ended December 31, 2015

	Balance, Dec. 31, 2014	Transferred from 2015 Budget	Expended	Balance, Dec. 31, 2015
Alcohol Education Rehabilitation Fund	\$ 5,390			5,390
Title III	159			159
USDA Food Program	140	2,420	659	1,901
Community Development Block Grant - Senior Center Heating System	1,275			1,275
Donations -				
Mary McDougal	1,685			1,685
Alcohol Education and Rehabilitation	1,945			1,945
Alcohol Education and Rehabilitation	108	236		344
Drunk Driving Enforcement Fund	2,335			2,335
Northvale Drug Alliance-Golf Outing	755		755	
Clean Communities	1,319	8,367		9,686
Hazardous Discharge Site Remediation-Deluxe Cleaner	81,669		79,693	1,976
Hazardous Discharge Site Remediation-Danzig	2,018			2,018
Municipal Alliance	18,922		8,915	10,007
Municipal Alliance	4,639			4,639
Senior Citizens Caregiver	575			575
Recreation-Batting Cages	2,675			2,675
Drunk Driving Enforcement Fund	3,072			3,072
Drunk Driving Enforcement Fund	14,388			14,388
Senior Citizens Computer Grant	2,074			2,074
Drunk Driving Enforcement Fund	377			377
Click it or Ticket	3,950	3,550		7,500
Clean Communities	8,922			8,922
Recycling Tonnage		18,930		18,930
Body Armor		2,365		2,365
Northvale Drug Alliance-Golf Outing	675	350	1,025	
Cops in Shops	4,000	5,890		9,890
	<u>\$ 163,067</u>	<u>42,108</u>	<u>91,047</u>	<u>114,128</u>

BOROUGH OF NORTHVALE

Schedule of Unappropriated Reserves for

State and Federal Grants

Year ended December 31, 2015

<u>Grant</u>	Balance, Dec. 31, <u>2014</u>	Transferred to 2015 <u>Budget</u>	Cash <u>Received</u>	Balance, Dec. 31, <u>2015</u>
Northvale Municipal Alliance (Golf Program)	\$ 350	350	2,350	2,350
Drunk Driving Enforcement Fund			4,333	4,333
Highway Traffic Safety - Click it or Ticket	3,550	3,550	3,456	3,456
Highway Traffic Safety - COPS in Shop	5,890	5,890	3,200	3,200
USDA Food Program - 2014	2,420	2,420	2,068	2,068
Clean Communities Grant	8,367	8,367	10,088	10,088
Recycling Tonnage Grant	18,930	18,930		
Alcohol Education and Rehabilitation Grant	236	236	295	295
Body Armor Replacement Grant	1,765	1,765	1,679	1,679
Donation - Body Armor	600	600		
	<u>\$ 42,108</u>	<u>42,108</u>	<u>27,469</u>	<u>27,469</u>

BOROUGH OF NORTHVALE

Schedule of Cash - Treasurer

Trust Funds

Year ended December 31, 2015

	Animal Trust Fund	Other Funds	Unemployment Trust	Community Development Trust	Open Space Trust	Emergency Services LOSAP Trust
Balance, December 31, 2014	\$ 7,677	518,282	59,647		444	761,469
Increase by receipts:						
License Fees	4,517					
Due to State of New Jersey	479					
Escrow Deposits		92,289				
Various Reserves		138,010				
Grants Receivable				37,000		
Borough Contributions						31,800
Employee Deductions			4,160			
Due to Current Fund		108				
Due from Payroll Account - Interfund			6,913			
Interest on Investments			127		1	3,063
	4,996	230,407	11,200	37,000	1	34,863
	12,673	748,689	70,847	37,000	445	796,332
Decrease by payments:						
Due to State of New Jersey	611					
Escrow Expenditures		90,980				
Due to Current Fund	2,455	17,561		37,000		
Various Reserves		121,233				
LOSAP Withdrawals						51,702
Account Charges/Tax Withholdings						2,175
	3,066	229,774		37,000		53,877
Balance, December 31, 2015	\$ 9,607	518,915	70,847		445	742,455

BOROUGH OF NORTHVALE

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

Animal Trust Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$	5
Increased by:		
State Fees Collected		<u>479</u>
		484
Decreased by:		
Paid to State of New Jersey		<u>611</u>
Balance, December 31, 2015	\$	<u><u>(127)</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Expenditures

Animal Trust Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$	5,222
Increased by:		
Dog license fees collected	\$	3,694
Cat license fees collected		495
Late Fees		155
Potentially dangerous dog fees		150
Interest on Investments		23
		<u>4,517</u>
		9,739
Decreased by:		
Statutory Excess		<u>4,622</u>
Balance, December 31, 2015	\$	<u><u>5,117</u></u>

<u>Year</u>	<u>License fees collected</u>	<u>Amount</u>
2013		2,623
2014		<u>2,494</u>
		<u><u>\$ 5,117</u></u>

BOROUGH OF NORTHVALE

**Schedule of Due to/(from)
General Capital Fund**

Other Trust Funds

Year ended December 31, 2015

Balance, December 31, 2014 \$ 36,393

Balance, December 31, 2015 \$ 36,393

Exhibit B-5

BOROUGH OF NORTHVALE

Schedule of Escrow Deposits

Other Trust Funds

Year ended December 31, 2015

Balance, December 31, 2014	\$	262,118
Increased by:		
Escrow Deposits		<u>92,289</u>
		354,407
Decreased by:		
Escrow Disbursements/Refunds		<u>90,980</u>
Balance, December 31, 2015	\$	<u><u>263,427</u></u>

Exhibit B-6

Schedule of Grants Receivable

Community Development Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$	37,000
Increased by:		
2015-2016 Grant		<u>38,200</u>
		75,200
Decreased by:		
Receipts		<u>37,000</u>
Balance, December 31, 2015	\$	<u><u>38,200</u></u>

Exhibit B-7

BOROUGH OF NORTHVALE
Schedule of Reserve for Community
Development Projects
Community Development Fund
Year ended December 31, 2015

Balance, December 31, 2014	\$	17,500
Increased by:		
Grants authorized		<u>38,200</u>
		55,700
Decreased by:		
Due to Current Fund - Reimbursement for Expenses Paid		<u>36,600</u>
Balance, December 31, 2015	\$	<u><u>19,100</u></u>

Exhibit B-8

Schedule of Reserve for
Unemployment Compensation
Unemployment Trust Fund
Year ended December 31, 2015

Balance, December 31, 2014	\$	66,560
Increased by:		
Employee deductions	\$	4,160
Interest on Investments		<u>127</u>
		<u>4,287</u>
Balance, December 31, 2015	\$	<u><u>70,847</u></u>

BOROUGH OF NORTHVALE

Schedule of Interfunds

Trust Funds

Year ended December 31, 2015

	Balance due from/(to) <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	Balance due from/(to) <u>Dec. 31, 2015</u>
Current Fund:				
Animal Trust Fund	\$ (2,450)	2,455	4,622	(4,617)
Other Trust Fund:				
Escrow Trust Fund	(340)		108	(448)
Summer Recreation Program	(17,561)	17,561		
Community Development Trust Fund	<u>(19,500)</u>	<u>37,000</u>	<u>36,600</u>	<u>(19,100)</u>
	<u>\$ (39,851)</u>	<u>57,016</u>	<u>41,330</u>	<u>(24,165)</u>
		Cash Disbursements		
		57,016		
			Statutory Excess	
			4,622	
			Reimburse expenses paid from Current	
			36,600	
			Interest	
			108	
		<u>\$ 57,016</u>	<u>41,330</u>	

BOROUGH OF NORTHVALE
Schedule of Miscellaneous Reserves
Other Trust Funds
Year ended December 31, 2015

	<u>Balance</u> <u>Dec. 31, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Reserve for:				
Parking Offenses Adjudication Act \$	1,982	74		2,056
Archives Commission	413			413
McGuire Food Program	32,800	11,356	19,929	24,227
Recreation	73,600	45,046	48,740	69,906
Recreation - Summer Recreation	23,924	41,511	45,374	20,061
Recreation - Umpire Fees	1,032	7,003	7,190	845
Library Media	926	2		928
Public Defender	4,467	899		5,366
Affordable Housing	62,726	32,119		94,845
	<u>\$ 201,870</u>	<u>138,010</u>	<u>121,233</u>	<u>218,647</u>
		Cash Receipts 137,474		
		Interest on Investments 536		
		Cash Disbursements	121,233	
		<u>\$ 138,010</u>	<u>121,233</u>	

BOROUGH OF NORTHVALE
Schedule of Reserve for Expenditures
Open Space Trust Fund
Year ended December 31, 2015

Balance, December 31, 2014	\$	444
Increased by:		
Interest earned on deposits		1
Balance, December 31, 2015	\$	445

Statement of Service Award Contributions Receivable
Emergency Services Volunteer Length of Service Award Program
Year ended December 31, 2015

Balance, December 31, 2014	\$	37,200
Increased by:		
2015 Service Award Contributions		37,200
		74,400
Decreased by:		
Contributions cancelled	\$	5,400
Contributions paid		31,800
		37,200
Balance, December 31, 2015	\$	37,200

BOROUGH OF NORTHVALE

Statement of Net Assets Available for Benefits

Emergency Services Volunteer Length of Service Award Program

Year ended December 31, 2015

Balance, December 31, 2014		\$	798,669
Increased by:			
Investment appreciation	\$	3,063	
Borough Contributions		<u>37,200</u>	
			<u>40,263</u>
			838,932
Decreased by:			
Withdrawals	\$	51,702	
Account Charges/Tax Withholdings		2,175	
Prior year contributions cancelled		<u>5,400</u>	
			<u>59,277</u>
Balance, December 31, 2015		\$	<u><u>779,655</u></u>

BOROUGH OF NORTHVALE

**Schedule of General Capital Cash -
Treasurer**

General Capital Fund

Year ended December 31, 2015

Balance, December 31, 2014		\$ 1,227,234
Increased by receipts:		
Due to Current Fund	\$ 46,243	
Bond Anticipation Notes Payable	4,000,000	
Capital Improvement Fund	55,000	
Deferred Charges - Unfunded	<u>59,584</u>	
		<u>4,160,827</u>
		5,388,061
Decreased by disbursements:		
Budget Revenue - Fund Balance	59,585	
Due to Current Fund	1,185	
Bond Anticipation Notes Payable	3,000,000	
Improvement authorizations	<u>1,668,808</u>	
		<u>4,729,578</u>
Balance, December 31, 2015		<u><u>\$ 658,483</u></u>

BOROUGH OF NORTHVALE

Analysis of General Capital Cash

General Capital Fund

December 31, 2015

Fund balance	\$ 397,829
Due from Current Fund	672
Due from Escrow Trust Fund	(36,393)
Grants/Contributions receivable	(491,298)
Due from Federal and State Grant Fund	(22,875)

Improvement authorizations:

Ordinance

<u>number</u>	<u>Improvement description</u>	
879	Various Capital Improvements	56,761
893	Refunding Bond Ordinance - Tax Appeals	1,069
901	Site Investigation/Remedial Inv. on Borough owned Propert	(55,000)
902	Hogan's Park Improvements	9,000
903	Refurbishing of Hogan's Park	(88,980)
910	Various Capital Improvements	305,329
911	Various Capital Improvements	6,797
912	Various Capital Improvements	37,219
923	Various Public Improvements	128,847
924	Various replacement equipment/machinery/vehicles	45,652
926	Acquisition of new Pumper Fire Engine	6,812
939	Various Capital Improvements	222,667
942	Acq. of property/equipment/machinery/vehicles	(285,004)
943	Various Capital Improvements	214,678
950	Various Capital Improvements	(1,500)
951	Various Capital Improvements	96,060
953	Various Capital Improvements	157,706
957	Various Capital Improvements	<u>(47,565)</u>

\$ 658,483

BOROUGH OF NORTHVALE

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

General Capital Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$ 2,515,000
Decreased by:	
Paid via Budget Appropriation	<u>370,000</u>
Balance, December 31, 2015	<u>\$ 2,145,000</u>

Schedule of Due to/(from) Current Fund

Year Ended December 31, 2015

Balance, December 31, 2014	\$ (43,815)
Increased by:	
Cash Receipts	\$ 45,000
Interest on Investments	<u>1,243</u>
	<u>46,243</u>
	2,428
Decreased by:	
Deferred Charges Unfunded - Budget Appropriation, Over-Expenditure of Capital Improvement Fund	571
Cash Disbursements	<u>1,185</u>
	<u>1,756</u>
Balance, December 31, 2015	<u>\$ 672</u>

BOROUGH OF NORTHVALE

**Schedule of Deferred Charges:
Overexpenditure of Capital Improvement Fund**

General Capital Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$ <u>571</u>
Decreased by:	
Deferred Charge - Raised in 2015 Budget	\$ <u><u>571</u></u>

BOROUGH OF NORTHVALE

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year ended December 31, 2015

Ordinance number	Improvement description	Balance, Dec. 31, 2014	2015 Authorization	Reduced in 2015	Balance, Dec. 31, 2015	Analysis of balance		
						Bond Anticipation Notes	Expenditures	Unexpended improvement authorization
		\$						
497	Improvement of various streets	32,594		32,594				
512	Acquisition of equipment	4,000		4,000				
523	Acquisition of ambulance	855		855				
561/590	Renovation of Borough Hall	12,180		12,180				
847	Purchase of Property-217 NY Ave.	6,250		6,250				
871	Various Capital Improvements	19,000			19,000			
879	Various Capital Improvements	56,762		1,762	55,000			
883	Various Capital Improvements	86,943		1,943	85,000			
901-11	Site Investigation/Remedial Inv. On Borough owned Property	55,000			55,000		55,000	
903-11	Refurbishing of Hogan's Park	88,980			88,980		88,980	
910-12	Various Capital Improvements	479,000			479,000		479,000	
912-12	Various Capital Improvements	475,000			475,000		475,000	
923-2013	Various Public Improvements	266,000			266,000		266,000	
924-2013	Various replacement equipment/machinery/vehicles	123,500			123,500		121,000	2,500
926-2013	Acquisition of new Pumper Fire Engine	571,000			571,000		550,000	21,000
939-2014	Various Capital Improvements	523,800			523,800		500,000	23,800
942-2014	Acq. of property/equipment/machinery/vehicles	795,000			795,000		500,000	9,996
943-2014	Various Capital Improvements	169,800			169,800		100,000	69,800
950-2015	Various Capital Improvements		161,500		161,500		90,000	70,000
951-2015	Various Capital Improvements		333,000		333,000		310,000	23,000
953-2015	Various Capital Improvements		489,500		489,500		450,000	39,500

BOROUGH OF NORTHVALE
Schedule of Due from Escrow Trust Fund
General Capital Fund
Year ended December 31, 2015

Balance, December 31, 2014	\$ <u>36,393</u>
Balance, December 31, 2015	\$ <u><u>36,393</u></u>

BOROUGH OF NORTHVALE

Schedule of Grants Receivable

General Capital Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$ <u>491,298</u>
----------------------------	-------------------

Balance, December 31, 2015	\$ <u><u>491,298</u></u>
----------------------------	--------------------------

Analysis of Balance

Department of Transportation

School Safety Program	\$ 1,984
Improvements to Veteran's Drive	259
Improvements to Veteran's Drive, Phase II	11,412
Imp. to White Avenue	39,300
Livingston Street Sidewalks Phase I & II	110,314
Paris Avenue Corridor Streetscape	<u>159,597</u>

322,866

Bergen County Open Space Trust Fund:

Imps. to Veteran's Park	3,544
Improvement to Recreation Fields-Schools	1,752
Construction of Gazebo at Hogan's Park	<u>40,000</u>

45,296

Bergen County Direct Contributions:

Improvements to Tappan Road	83,136
Reconstruction of Livingston Street	<u>40,000</u>

123,136

\$ 491,298

BOROUGH OF NORTHVALE

Schedule of Improvement Authorizations

General Capital Fund

Year ended December 31, 2015

Ordinance number	Description	Ordinance Date	Amount	Balance, Dec. 31, 2014		Paid or charged	Balance, Dec. 31, 2015	
				Funded	Unfunded		Funded	Unfunded
879	Various Capital Improvements	June 9, 2010	497,000		56,761			56,761
893-11	Refunding Bond Ordinance - Tax Appeals	Apr. 13, 2011	107,500	1,069			1,069	
902-11	Hogan's Park Improvements	Dec. 14, 2011	118,308	9,000			9,000	
910-12	Various Capital Improvements	Jun. 13, 2012	800,000		307,615			307,615
911-12	Various Capital Improvements	Jun. 13, 2012	200,005	6,797			6,797	
912-12	Various Capital Improvements	Jul. 11, 2012	500,000		52,781			52,781
923-2013	Various Public Improvements	July 12, 2013	430,000		128,847			128,847
924-2013	Various replacement equipment/ machinery and vehicles	Aug. 14, 2013	130,000		48,152			48,152
926-2013	Acquisition of new Pumper Fire Engine	Nov. 13, 2013	600,000	28,483	571,000	571,671		27,812
939-2014	Various Capital Improvements	May 14, 2014	550,000		271,534	25,067		246,467
942-2014	Acquisition of property/equipment/ machinery and vehicles	May 14, 2014	835,000		339,647			339,647
943-2014	Various Capital Improvements	Aug. 13, 2014	378,000	138,950	169,800			24,272
950-2015	Various Capital Improvements	May 9, 2015	170,000				170,000	
951-2015	Various Capital Improvements	Jun. 10, 2015	350,000				350,000	
953-2015	Various Capital Improvements	Jul. 22, 2015	514,000				514,000	
957-2015	Various Capital Improvements	Dec. 18, 2015	100,000				100,000	
			\$	184,299	1,946,137	1,668,808	16,866	1,578,762

Grants \$
Capital Improvement Fund
Down Payments on Improvements
Deferred Charges to Future Taxation-Unfunded
\$ 1,763,000

BOROUGH OF NORTHVALE
Schedule of General Serial Bonds

General Capital Fund

Year ended December 31, 2015

<u>Purpose</u>	<u>Date of issue</u>	<u>Original issue</u>	<u>Maturity of bonds Outstanding Dec. 31, 2015</u>		<u>Interest rate</u>	<u>Balance, Dec. 31, 2014</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2015</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements	February 15, 2009	3,310,000	Feb. 15, 2016	390,000	3.00	2,515,000	370,000	2,145,000
			Feb. 15, 2017	410,000	3.125			
			Feb. 15, 2018	430,000	3.125			
			Feb. 15, 2019	450,000	3.25			
			Feb. 15, 2020	465,000	3.50			
						\$ 2,515,000	370,000	2,145,000

BOROUGH OF NORTHTVALE

Schedule of Bond Anticipation Notes

General Capital Fund

Year ended December 31, 2015

Ordinance number	Improvement description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance, Dec. 31, 2014	Increased	Decreased	Balance, Dec. 31, 2015
871-2009	Various Capital Improvements	Dec. 27, 2013	Nov. 13, 2015	Nov. 10, 2016	0.68%	19,000	19,000	19,000	19,000
879-2010	Various Capital Improvements	Dec. 27, 2013	Nov. 13, 2015	Nov. 10, 2016	0.68%	55,000	55,000	55,000	55,000
883-2010	Various Capital Improvements	Dec. 27, 2013	Nov. 13, 2015	Nov. 10, 2016	0.68%	85,000	85,000	85,000	85,000
910-2012	Various Public Imps/Acquisitions	Dec. 27, 2013	Nov. 13, 2015	Nov. 10, 2016	0.68%	479,000	479,000	479,000	479,000
912-2012	Various Public Imps/Acquisitions	Dec. 27, 2013	Nov. 13, 2015	Nov. 10, 2016	0.68%	475,000	475,000	475,000	475,000
923-2013	Various Capital Improvements	Dec. 27, 2013	Nov. 13, 2015	Nov. 10, 2016	0.68%	266,000	266,000	266,000	266,000
924-2013	Various Capital Improvements	Dec. 27, 2013	Nov. 13, 2015	Nov. 10, 2016	0.68%	121,000	121,000	121,000	121,000
926-2013	Acquisition of New Pumper Fire Engine	Nov. 14, 2014	Nov. 13, 2015	Nov. 10, 2016	0.68%	500,000	500,000	500,000	500,000
939-2014	Various Capital Improvements	Nov. 14, 2014	Nov. 13, 2015	Nov. 10, 2016	0.68%	400,000	400,000	400,000	400,000
942-2014	Acquisition of property/equipment/machinery/vehicles	Nov. 14, 2014	Nov. 13, 2015	Nov. 10, 2016	0.68%	500,000	500,000	500,000	500,000
943-2014	Various Capital Improvements	Nov. 14, 2014	Nov. 13, 2015	Nov. 10, 2016	0.68%	100,000	100,000	100,000	100,000
926-2013	Acquisition of Pumper Fire Engine	Nov. 13, 2015	Nov. 13, 2015	Nov. 10, 2016	0.68%	50,000	50,000	50,000	50,000
939-2014	Various Capital Improvements	Nov. 13, 2015	Nov. 13, 2015	Nov. 10, 2016	0.68%	100,000	100,000	100,000	100,000
950-2015	Various Capital Improvements	Nov. 13, 2015	Nov. 13, 2015	Nov. 10, 2016	0.68%	90,000	90,000	90,000	90,000
951-2015	Various Capital Improvements	Nov. 13, 2015	Nov. 13, 2015	Nov. 10, 2016	0.68%	310,000	310,000	310,000	310,000
953-2015	Various Capital Improvements	Nov. 13, 2015	Nov. 13, 2015	Nov. 10, 2016	0.68%	450,000	450,000	450,000	450,000
						\$ 3,000,000	4,000,000	3,000,000	4,000,000

Cash	1,000,000
Renewals	3,000,000
	\$ 4,000,000

BOROUGH OF NORTHVALE
Schedule of Capital Improvement Fund
General Capital Fund
Year ended December 31, 2015

Balance, December 31, 2014	\$	44,143
Increased by:		
Budget Appropriation		<u>55,000</u>
		99,143
Decreased by:		
Appropriated to Finance Improvement Authorizations	\$	<u><u>55,000</u></u>

BOROUGH OF NORTHVALE

Schedule of Due from Federal and State Grant Fund

General Capital Fund

Year ended December 31, 2015

Balance, December 31, 2014	\$ <u>22,875</u>
Balance, December 31, 2015	\$ <u><u>22,875</u></u>

BOROUGH OF NORTHVALE

Schedule of Bonds and Notes Authorized but not Issued

General Capital Fund

Year ended December 31, 2015

<u>Ordinance number</u>	<u>Description</u>	<u>Balance, Dec. 31, 2014</u>	<u>Increases</u>	<u>Decreased</u>	<u>Balance, Dec. 31, 2015</u>
497	Improvement of various streets	\$ 32,594		32,594	
512	Acquisition of equipment	4,000		4,000	
561/590	Renovation of Borough Hall	12,180		12,180	
523	Acquisition of ambulance	855		855	
847	Purchase of Property-217 NY Ave.	6,250		6,250	
879	Various Capital Improvements	1,762		1,762	
883	Various Capital Improvements	1,943		1,943	
901-11	Site Investigation/Remedial Inv. On Borough owned Property	55,000			55,000
903-11	Refurbishing of Hogan's Park	88,980			88,980
924-13	Various replacement equipment/machinery/vehicles	2,500			2,500
926-13	Acquisition of New Pumper Fire Engine	71,000		50,000	21,000
939-14	Various Capital Improvements	123,800		100,000	23,800
942-14	Acquisition of property/equipment/machinery/vehicles	295,000			295,000
943-14	Various Capital Improvements	69,800			69,800
950-15	Various Capital Improvements		161,500	90,000	71,500
951-15	Various Capital Improvements		333,000	310,000	23,000
953-15	Various Capital Improvements		489,500	450,000	39,500
957-15	Various Capital Improvements		95,000		95,000
		<u>\$ 765,664</u>	<u>1,079,000</u>	<u>1,059,584</u>	<u>785,080</u>
	Deferred Charges Unfunded - Budget Appropriation			59,584	
	Bond Anticipation Notes Issued			<u>1,000,000</u>	
				<u>\$ 1,059,584</u>	

BOROUGH OF NORTHVALE

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2015

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2014	\$ 8,242	109	8,133
Increased by:			
Interest Earned	17		17
Balance - December 31, 2015	\$ 8,259	109	8,150

BOROUGH OF NORTHVALE

**Schedule of Public Assistance Cash and Reconciliation
Per N.J.S.A. 40A:5-5**

Public Assistance Fund

Year Ended December 31, 2015

Balance - December 31, 2015	\$	8,259
Increased by:		
Interest on Investments		4
		<u>4</u>
Balance - March 31, 2016	\$	<u>8,263</u>

<u>Reconciliation - March 31, 2016</u>	<u>PATF I Account</u>	<u>PATF II Account</u>	<u>Total</u>
Balance on Deposit per Bank Statement:			
Checking	\$ <u>109</u>	<u>8,154</u>	<u>8,263</u>

BOROUGH OF NORTHVALE

Schedule of Public Assistance Cash and Reconciliation

Public Assistance Fund

Year Ended December 31, 2015

Balance - December 31, 2014	\$	8,242
Increased by:		
Interest Earned		<u>17</u>
Balance - December 31, 2015	\$	<u><u>8,259</u></u>

<u>Reconciliation - December 31, 2015</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>109</u>	<u>8,150</u>	<u><u>8,259</u></u>

BOROUGH OF NORTHVALE

Schedule of Reserve for Public Assistance Expenditures

Public Assistance Fund

Year Ended December 31, 2015

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Balance - December 31, 2014	\$ <u>8,242</u>	<u>1,109</u>	<u>7,133</u>
Increased by:			
Interest Earned	<u>17</u>	<u> </u>	<u>17</u>
Balance - December 31, 2015	\$ <u><u>8,259</u></u>	<u><u>1,109</u></u>	<u><u>7,150</u></u>

BOROUGH OF NORTHVALE
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2015

	<u>Total</u>	<u>P.A.T.F. Account #1</u>	<u>P.A.T.F. Account #2</u>
Interest Earned	\$ <u>17</u>	<u> </u>	<u>17</u>
Total Revenues (P.A.T.F.)	\$ <u><u>17</u></u>	<u><u> </u></u>	<u><u>17</u></u>

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkottz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

Certified Public Accountants
401 Wanaque Avenue
Pompton Lakes, New Jersey 07442
973-835-7900
Fax 973-835-6631

Newton Office
100B Main Street
Newton, N.J. 07860
973-579-3212
Fax 973-579-7128

**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, 2015 and the related notes to the financial statements, and have issued our report thereon dated June 28, 2016, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting. The regulatory basis opinion was qualified for the Length of Service Awards Program not being audited.

Internal Control Over Financial Reporting

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

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



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

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

Compliance and Other Matters

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

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

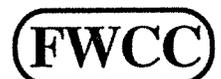
Purpose of this Report

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


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


FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

June 28, 2016



BOROUGH OF NORTHVALE

GENERAL COMMENTS

Contracts and Agreements

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

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

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

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

Effective January 1, 2015, the bid threshold, in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500 and with a qualified purchasing agent the threshold may be up to \$40,000.

BOROUGH OF NORTHVALE

GENERAL COMMENTS (continued)

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

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

Operation of Snack Bar at Hogan Park
Paris Avenue Streetscape

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 6, 2015 adopted the following resolution authorizing interest to be charged on delinquent taxes:

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

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

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

BOROUGH OF NORTHVALE

**GENERAL COMMENTS
(continued)**

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 18, 2015 and was complete.

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>
2015	7
2014	7
2013	7

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, 2015, 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.

THIS PAGE INTENTIONALLY LEFT BLANK

**BOROUGH OF NORTHVALE
COMMENTS
DECEMBER 31, 2015**

Finance:

1. *Formal general ledgers are not being maintained for the Recreation Umpire Trust Fund as required by N.J.S.A. 50A:5-5.
2. *There are various outstanding grant/contribution receivables in the General Capital Fund.
3. *The prior year inter-fund balance between the Escrow Trust Fund and the General Capital Fund has not been liquidated.
4. *The following trust funds have not been approved through a dedication by rider:
 - a. Unemployment Trust Fund
 - b. Animal License Trust Fund
 - c. Escrow Trust Fund
 - d. Affordable Housing Trust Fund
 - e. Recreation Umpire Fee Trust Fund
 - f. McGuire Food Program Trust Fund
5. *Resolutions awarding professional service contracts do not include a certification of availability of funds and the budget appropriation to which expenditures will be charged.
6. Payments for referee services are not processed through the Borough's purchasing system.
7. Monthly trash removal and disposal payments are not being allocated to the proper budget accounts as the charges are incurred.
8. Budget transfer to the Payroll Account are not always in agreement with the amount noted via the payroll register.
9. Numerous reconciling items are being carried in the Payroll Account.
10. Interfund receipt and disbursement activity is not being posted through the system but rather as journal entries in the general ledger.

**BOROUGH OF NORTHVALE
COMMENTS (CONTINUED)
DECEMBER 31, 2015**

Administration:

1. *There were instances in which resolutions awarding professional service contracts under the fair and open process did not set forth the anticipated value of the contract and did not include "not to exceed" cost language. (4 times)

Departments:

Recreation:

1. A cash ledger detailing fees collected was not provided for review at the time of audit.

Court:

1. *There are 23 tickets Assigned over 180 days on the December Monthly Management Report.
2. *Fees levied for overnight parking violations do not agree with the approved fee ordinance.

**BOROUGH OF NORTHVALE
RECOMMENDATIONS
DECEMBER 31, 2015**

Finance:

1. *A general ledger be implemented and maintained for the Recreation Umpire Trust Fund as required by N.J.S.A. 50A:5-5.
2. *Old outstanding grants/contributions receivable in the General Capital Fund be investigated for possible collection.
3. *All prior year inter-funds be liquidated.
4. *Dedication by riders be filed for approval with the Division of Local Government Services for the following Trust Funds:
 - a. Unemployment Trust Fund
 - b. Animal License Trust Fund
 - c. Escrow Trust Fund
 - d. Affordable Housing Trust Fund
 - e. Recreation Umpire Fee Trust Fund
 - f. McGuire Food Program Trust Fund
5. *Resolutions awarding professional service contracts should include a certification of availability of funds and the budget appropriation to which expenditures will be charged.
6. Payments for referee services be processed through the borough's purchasing system.
7. Payments for trash removal and disposal fees be allocated to the appropriate budget accounts as incurred.
8. Payroll expenditures to the Payroll Account be in agreement with the payroll register.
9. The reconciling items in the Payroll Account be investigated and corrected.
10. All cash receipt and disbursement activity be posted to the accounting software.

**BOROUGH OF NORTHVALE
RECOMMENDATIONS (CONTINUED)
DECEMBER 31, 2015**

Administration:

1. *Awarding resolutions for Request for Qualifications include the anticipated value of the contract or "not to exceed" cost language.

Departments:

Recreation:

1. All departmental records be made available for review at the time of audit.

Court:

1. *Tickets over 180 days be recalled by the Court Administrator and either reassigned or destroyed.
2. *Fees levied for overnight parking violations be in agreement with the approved fee ordinance.

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



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

June 28, 2016

THIS PAGE INTENTIONALLY LEFT BLANK