



**BOROUGH OF DUNELLEN
COUNTY OF MIDDLESEX
NEW JERSEY**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY DATA
AND INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

**WITH
REPORT OF INDEPENDENT AUDITORS'**

BOROUGH OF DUNELLEN

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**BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY**

PART I

**REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 and 2019**

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Dunellen
County of Middlesex, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets – regulatory basis of the various funds and governmental fixed assets of the Borough of Dunellen, County of Middlesex, New Jersey (the “Borough”), as of December 31, 2020 and 2019, the statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for year ended December 31, 2020, and the related notes to the 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 financial reporting provisions of 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 misstatement, whether due to error or fraud.

Auditors' 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 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 opinion.

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

As described in Note 2, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, United States of America, that demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. These prescribed principles 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. Accordingly, the accompanying financial statements – regulatory basis are not intended to present financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. The effect on the financial statements between these regulatory accounting practices 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 in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial positions of the Borough as of December 31, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and governmental fixed assets of the Borough as of December 31, 2020 and 2019 and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the related statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2020, on the basis of accounting described in Note 2.

Report on Supplementary Information as Required by the Division in Accordance with Regulatory-Basis

Our audit was made for the purpose of forming an opinion on the financial statements of the Borough. The information included in Part II – Supplementary Schedules and Part III – Supplementary Data, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough. The Part II – Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, the information is fairly stated, in all material respects, in relation to the financial statements – regulatory basis as a whole. The schedules and information contained in Part III - Supplementary Data have not been subjected to auditing procedures applied in the audit of the financial statements and, accordingly we do not express an opinion, or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 22, 2021 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Borough's 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's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies
Certified Public Accountants
Registered Municipal Accountants



Andrew G. Hodulik
Registered Municipal Accountant
No. 406

Cranford, New Jersey
July 22, 2021

**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**

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Dunellen
County of Middlesex, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis and the governmental fixed assets, of the Borough of Dunellen (the “Borough”) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough’s financial statements and have issued our report thereon dated July 22, 2021. Our report was modified because of the departure from accounting principles generally accepted in the United States of America as disclosed in Note 2 and was unmodified based upon the Other Comprehensive Basis of Accounting financial statements presentation.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements 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* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We noted other matters involving internal control over financial reporting that we have reported to management of the Borough in the General Comments section of the Report of Audit.

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies
Certified Public Accountants
Registered Municipal Accountants

Cranford, New Jersey
July 22, 2021

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

ASSETS	REF.	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019
Current Fund:				Current Fund:			
Cash - Treasurer	A-4	\$ 5,166,093.90	\$ 2,802,352.25	Liabilities:			
Cash - Change Fund - Collector	A-6	100.00	100.00	Appropriation Reserves	A-3,A-10	\$ 414,271.01	\$ 138,621.42
Due from State of New Jersey - Sr. Cit. and Vets. Ded. per Ch. 73, P.L. 1976	A-7	60,122.30	61,122.30	Prepaid Taxes	A-8	142,091.12	100,221.90
				Tax Overpayments	A-8	49,801.86	42,913.24
				Reserve for Encumbrances	A-11	114,496.69	152,495.58
		5,226,316.20	2,863,574.55	Various Payables	A-12	90,381.51	121,631.80
				Various Reserves	A-12	48,021.49	48,122.78
Receivables With Full Reserves:				Due to County - Added and Omitted	A-13	3,418.37	2,233.22
Delinquent Property Taxes Receivable	A-8	246,280.72	328,749.10	Special Emergency Note	A-15	81,000.00	130,000.00
Property Acquired for Taxes (at Assessed Valuation)	A-8	118,000.00	118,000.00	Interfunds Payable	A-14	3,951,499.77	1,805,088.45
Tax Title Liens Receivable	A-8	15,722.65	15,722.65			4,894,981.82	2,541,328.39
Revenue Accounts Receivable	A-9	24,799.91	15,999.85				
Interfunds Receivable	A-14	31,368.84	52,351.98	Reserve for Receivables	Reserve	436,172.12	530,823.58
				Fund Balance	A-1	530,366.47	452,246.16
		436,172.12	530,823.58				
Deferred Charges							
Special Emergency	A-16	199,032.09	130,000.00				
		199,032.09	130,000.00				
Total Current Fund		5,861,520.41	3,524,398.13	Total Current Fund		5,861,520.41	3,524,398.13
Grant Fund:				Grant Fund:			
Federal and State Grants Receivable	A-17	481,596.35	470,562.02	Reserve for Encumbrances	A-11	7,847.63	6,463.87
				Due to Current Fund	A-18	31,368.84	52,351.98
				Reserve for State and Federal Grants			
				Appropriated	A-19	442,379.88	408,705.71
				Unappropriated	A-20	-	3,040.46
Total Grant Fund		481,596.35	470,562.02	Total Grant Fund		481,596.35	470,562.02
		\$ 6,343,116.76	\$ 3,994,960.15			\$ 6,343,116.76	\$ 3,994,960.15

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
FOR THE YEARS ENDED DEC. 31, 2020 AND 2019

	<u>REF.</u>	<u>2020</u>	<u>2019</u>
<u>REVENUE AND OTHER INCOME</u>			
Fund Balance Utilized	A-1,A-2 \$	387,000.00 \$	350,000.00
Miscellaneous Revenue Anticipated	A- 2	1,287,677.11	1,406,928.81
Receipts from Delinquent Taxes	A- 2	319,782.90	287,482.59
Receipts from Current Taxes	A- 2	20,896,964.30	20,008,608.48
Non-Budget Revenue	A- 2	15,735.46	31,938.95
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-10	40,012.94	86,003.62
Cancel Various Accounts Payable	A-12	14,713.00	51,668.71
Grant Appropriations and Receivables Cancelled, net	A-14	20,790.00	
Interfunds Returned, net	A-14	20,983.14	
Statutory Excess Due to Current Fund			
- Animal Control Fund			1,826.60
Total Income		<u>23,003,658.85</u>	<u>22,224,457.76</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operating	A- 3	5,534,767.00	5,279,199.00
Deferred Charges and			
Statutory Expenditures	A- 3	804,989.00	798,984.00
State and Federal Grants	A- 3	110,925.29	169,772.04
Capital Improvements	A- 3	25,000.00	50,000.00
Municipal Debt Service	A- 3	721,665.75	683,533.33
Local District School Taxes	A-13	12,925,859.00	12,402,393.00
County Taxes	A-13	2,530,505.69	2,413,301.61
Senior Citizen Allowed/Disallowed, net	A- 7	2,858.90	2,000.00
Interfunds Advanced, net	A-14		52,351.98
Total Expenditures		<u>22,656,570.63</u>	<u>21,851,534.96</u>
Excess/(Deficit) in Revenues		347,088.22	372,922.80
Adj. to Income Before Fund Balance:			
Deficit in Revenues Which are by Statute			
Deferred Charges to Budget of Succeeding Years	A-16	<u>118,032.09</u>	
Statutory Excess to Fund Balance		465,120.31	372,922.80
<u>FUND BALANCE</u>			
Balance - Jan. 1	A	452,246.16	429,323.36
Decreased by:			
Utilized as Anticipated Revenue	A-1	<u>387,000.00</u>	<u>350,000.00</u>
Balance - Dec. 31	A \$	<u><u>530,366.47</u></u> \$	<u><u>452,246.16</u></u>

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - A-2
Page 1 of 2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	REF.	ANTICIPATED 2020 BUDGET	N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Surplus Anticipated		\$ 387,000.00	\$	\$ 387,000.00	\$ -
Total Surplus Anticipated	A- 1	387,000.00		387,000.00	
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-9	6,500.00		5,616.00	(884.00)
Other	A-9	11,900.00		11,380.00	(520.00)
Fees and Permits	A-9	21,000.00		18,932.20	(2,067.80)
Fines and Costs:					
Municipal Court	A-9	183,000.00		119,639.76	(63,360.24)
Interest and Costs on Taxes	A-9	56,000.00		86,279.78	30,279.78
Interest on Deposits	A-9	45,000.00		39,935.95	(5,064.05)
Cable TV Franchise Fees	A-9	24,800.00		23,664.00	(1,136.00)
Consolidated Municipal Property Tax Relief Act	A-9	4,674.00		4,674.00	-
Energy Receipts Tax	A-9	598,280.00		598,280.00	-
Uniform Construction Code Fees	A-9	92,900.00		112,354.00	19,454.00
Public and Private Revenues Off-Set					
With Appropriations:					
Aggressive Driving Grant	A-14	1,842.50	15,620.00	17,462.50	-
Alcohol Education and Rehabilitation Grant	A-14		2,583.97	2,583.97	-
Body Armor Grant	A-14	1,926.89		1,926.89	-
Bullet Proof Vest Partnership	A-14	1,197.96		1,197.96	-
Clean Communities Program	A-14		11,273.63	11,273.63	-
Community Development Block Grant	A-14	44,772.00		44,772.00	-
Municipal Alliance on Alcohol and Drug Abuse	A-14	14,174.00		14,174.00	-
Solid Waste Admin - Recycling Tonnage Grant	A-14	13,434.34		13,434.34	-
Other Special Items:					
Dunellen Parking Authority- Lease Agreement	A-9	105,500.00		60,500.00	(45,000.00)
Redevelopment Agreement- Art Color	A-9	87,000.00		99,596.13	12,596.13
Total Miscellaneous Revenues	A- 1	1,313,901.69	29,477.60	1,287,677.11	(55,702.18)
Receipts from Delinquent Taxes	A-1,A-8	310,000.00		319,782.90	9,782.90
Subtotal General Revenues		1,623,901.69	29,477.60	1,607,460.01	(45,919.28)

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - A-2
Page 2 of 2

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	REF.	ANTICIPATED 2020 BUDGET	N.J.S.A. 40A:4-87	REALIZED	EXCESS OR (DEFICIT)
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2,A-8	\$ 5,452,642.00	\$	\$ 5,725,302.61	\$ 272,660.61
Minimum Library Tax	A-2,A-8	215,297.00		215,297.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget		5,667,939.00		5,940,599.61	272,660.61
Total General Revenues		7,678,840.69	29,477.60	7,935,059.62	\$ 226,741.33
Non-Budget Revenues	A-1,A-9			15,735.46	
		\$ 7,678,840.69	\$ 29,477.60	\$ 7,950,795.08	

Analysis of Realized Revenues

Ref.	A- 3	A- 3	A- 1
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Allocation of Current Tax Collections:

2019 Collections	A- 8	\$ 100,221.90
2020 Collections	A- 8	20,762,492.40
State Share of Sr. Cit. and Vets. Ded.	A- 8	34,250.00
Allocated to:	A- 1	\$ 20,896,964.30
School and		
County Taxes	A-13	15,456,364.69
		5,440,599.61
Add: Reserve for Uncollected Taxes	A- 3	500,000.00
Amount for Support of Municipal Budget Appropriations	A- 2	\$ 5,940,599.61

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - A-3
Page 1 of 6

CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Operations Within "CAPS"</u>						
Administrative and Executive						
Salaries and Wages	\$ 57,200.00	\$ 57,200.00	\$ 56,250.19	\$	949.81	\$
Other Expenses						
Miscellaneous Other Expenses	8,000.00	14,700.00	14,604.93		95.07	
Borough Clerk						
Salaries and Wages	54,700.00	56,300.00	56,250.18		49.82	
Other Expenses	9,000.00	9,000.00	5,896.78	560.08	2,543.14	
Legal Advertising	4,300.00	4,300.00	3,944.21		355.79	
Elections						
Other Expenses	2,600.00	2,600.00	566.63		2,033.37	
Financial Administration						
Salaries and Wages	87,350.00	87,850.00	87,850.00		-	
Other Expenses	10,500.00	10,500.00	6,619.11	1,000.00	2,880.89	
Annual Audit	36,500.00	36,500.00	-	36,500.00	-	
Mayor and Council						
Salaries and Wages	20,800.00	20,800.00	17,799.84		3,000.16	
Other Expenses	8,400.00	8,400.00	6,762.21		1,637.79	
Assessment of Taxes						
Salaries and Wages	18,400.00	18,400.00	18,360.04		39.96	
Other Expenses	10,000.00	12,000.00	11,966.74		33.26	
Collection of Taxes						
Salaries and Wages	35,400.00	35,400.00	35,400.00		-	
Other Expenses	13,500.00	14,000.00	12,371.38	1,482.50	146.12	
Legal Services and Costs						
Salaries and Wages	55,500.00	55,500.00	55,198.03		301.97	
Other Expenses	10,000.00	16,500.00	16,447.13		52.87	
Municipal Prosecutor						
Salaries and Wages	18,500.00	18,500.00	18,434.02		65.98	
Engineering Services						
Other Expenses	20,000.00	30,000.00	27,462.00	24.25	2,513.75	
Postage						
Other Expenses	8,400.00	8,400.00	8,357.45		42.55	

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<u>Operations Within "CAPS" (Cont'd.)</u>						
Public Buildings and Grounds						
Salaries and Wages	\$ 14,000.00	\$ 16,000.00	\$ 15,438.55	\$	\$ 561.45	
Other Expenses:						
Miscellaneous Other Expenses	55,000.00	55,000.00	34,314.72	9,773.89	10,911.39	
Municipal Land Use Law (NJSA 40:55D)						
Planning Board						
Salaries and Wages	6,000.00	6,000.00	2,437.50		3,562.50	
Other Expenses	5,000.00	5,000.00	4,137.87	800.00	62.13	
Municipal Court						
Salaries and Wages	145,400.00	135,400.00	130,453.31		4,946.69	
Other Expenses	16,000.00	16,000.00	11,398.99	546.00	4,055.01	
Public Defender						
Salaries and Wages	500.00	5,000.00	3,200.00		1,800.00	
Information Technology						
Other Expenses	44,000.00	44,000.00	4,444.97	5,060.57	34,494.46	
Municipal Planner						
Other Expenses	15,000.00	15,000.00	9,798.74	5,201.26	-	
Grants Writer						
Other Expenses	4,500.00	4,500.00	-		4,500.00	
<u>PUBLIC SAFETY:</u>						
Fire						
Other Expenses:						
Fire Hydrant Service	74,000.00	75,000.00	68,572.70		6,427.30	
Misc. Other Expenses	36,000.00	36,000.00	25,239.20	7,428.36	3,332.44	
Police						
Salaries and Wages		-			-	
Regular	1,775,000.00	1,775,000.00	1,749,582.58		25,417.42	
Overtime	40,000.00	40,000.00	26,764.05		13,235.95	
Other Expenses						
Misc. Other Expenses	92,000.00	92,000.00	63,988.22	26,200.56	1,811.22	
School Crossing Guards						
Salaries and Wages	74,000.00	74,000.00	55,109.65		18,890.35	
Aid to Volunteer Ambulance Companies		-	-		-	
Other Expenses	9,000.00	9,000.00	9,000.00		-	
Emergency Management Services						
Salaries and Wages	4,100.00	4,100.00	4,000.08		99.92	
Other Expenses	2,500.00	2,500.00	1,438.74		1,061.26	
Emergency Vehicle Leases						
Other Expenses	22,000.00	22,000.00	21,130.58		869.42	

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
Operations Within "CAPS" (Cont'd.)						
<u>STREETS AND ROADS:</u>						
Road Repairs and Maintenance						
Salaries and Wages	\$ 409,200.00	\$ 419,200.00	\$ 406,360.92	\$	\$ 12,839.08	\$
Misc. Other Expenses	68,000.00	68,000.00	51,756.76	9,393.05	6,850.19	
Other Expenses-Leaf Bags	18,000.00	18,000.00	17,107.20		892.80	
Tree Maintenance						
Other Expenses	42,000.00	52,000.00	46,689.18	5,006.52	304.30	
Shade Tree						
Other Expenses	2,000.00	2,000.00	1,103.51	600.00	296.49	
Transit Village						
Other Expenses	500.00	500.00	500.00		-	
<u>SANITATION:</u>						
Landfill/Solid Waste Disposal Costs						
Other Expenses	46,000.00	46,000.00	16,673.28	1,390.14	27,936.58	
<u>HEALTH AND WELFARE:</u>						
Board of Health						
Salaries and Wages	46,000.00	44,500.00	42,053.22		2,446.78	
Other Expenses	17,000.00	17,000.00	13,672.07	1,220.39	2,107.54	
Green Brook Flood Control Commission (R.S. 40:14-16)						
Share of Cost	500.00	500.00	412.06		87.94	
Insurance						
General Liability	158,941.00	158,941.00	158,133.42		807.58	
Workers Compensation	121,359.00	121,359.00	121,359.00		-	
Employee Group Health	695,000.00	650,500.00	612,602.37		37,897.63	
Reserve for Tax Appeals	1,000.00	1,000.00	1,000.00		-	
<u>RECREATION AND EDUCATION:</u>						
Recreation Commission						
Salaries and Wages	62,200.00	62,200.00	60,473.49		1,726.51	
Other Expenses	11,000.00	11,000.00	8,010.22	175.00	2,814.78	
Sr. Citizens Activities						
Misc. Other Expenses	3,000.00	3,000.00	1,797.80	1,200.00	2.20	
Arts Commission						
Other Expenses	1,000.00	1,000.00	-		1,000.00	

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED ENCUMBERED	RESERVED	UNEXPENDED BALANCE CANCELLED
<u>Operations Within "CAPS" (Cont'd.)</u>						
UNIFORM CONSTRUCTION CODE- APPROPS. OFFSET BY DEDICATED REVENUES (NJAC 5:23-4.17)						
Construction Code Official						
Salaries and Wages	\$ 98,770.00	\$ 98,770.00	\$ 96,906.47	\$ 388.01	\$ 1,863.53	\$
Other Expenses	5,000.00	5,000.00	4,203.15		408.84	
<u>UNCLASSIFIED:</u>						
Telephone	35,000.00	35,000.00	30,412.56	38.36	4,549.08	
Water	7,150.00	7,150.00	3,870.66		3,279.34	
Gasoline	20,000.00	20,000.00	9,355.13		10,644.87	
Natural Gas and Electricity	190,000.00	190,000.00	156,580.56		33,419.44	
Total Operations within "CAPS"	4,981,670.00	4,980,970.00	4,562,024.35	113,988.94	304,956.71	
Contingent	1,500.00	1,500.00	-		1,500.00	
Total Operations Including Contingent Within "CAPS"	4,983,170.00	4,982,470.00	4,562,024.35	113,988.94	306,456.71	
DETAIL:						
Salaries and Wages	3,023,020.00	3,030,120.00	2,938,322.12	-	91,797.88	
Other Expenses (Including Contingent)	1,960,150.00	1,952,350.00	1,623,702.23	113,988.94	214,658.83	
DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL WITHIN "CAPS"						
Statutory Expenditures						
Contribution to:						
Public Employees' Retirement System	128,188.00	128,188.00	128,188.00		-	
Social Security System (O.A.S.I.)	165,000.00	165,000.00	142,895.38		22,104.62	
Police and Firemen's Retirement System of N.J.	459,101.00	459,101.00	459,101.00		-	
Unemployment Compensation Ins.	500.00	500.00	-		500.00	
Defined Contribution Retirement Program	1,500.00	2,200.00	2,130.08		69.92	
Total Deferred Charges and Statutory Expend. Municipal Within "CAPS"	754,289.00	754,989.00	732,314.46	-	22,674.54	
Total General Appropriations for Municipal Purposes Within "CAPS"	5,737,459.00	5,737,459.00	5,294,338.81	113,988.94	329,131.25	

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Operations Excluded from "CAPS"</u>						
Maintenance of Free Public Library	\$ 215,297.00	\$ 215,297.00	\$ 185,655.16	\$	\$ 29,641.84	\$
Intergovernmental-County of Middlesex						
Recycling-Other Expenses	169,000.00	169,000.00	115,133.62	507.75	53,358.63	
Health Services-Other Expenses	38,000.00	38,000.00	37,244.71		755.29	
Dispatch Service - Other Expenses	130,000.00	130,000.00	128,616.00		1,384.00	
 PUBLIC AND PRIVATE PROGRAMS						
<u>OFFSET BY REVENUES:</u>						
Matching Funds for Grants	550.00	550.00	550.00		-	
Aggressive Driving Grant	1,842.50	17,462.50	17,462.50		-	
Alcohol Education and Rehabilitation		2,583.97	2,583.97		-	
Body Armor Grant	1,926.89	1,926.89	1,926.89		-	
Bullet Proof Vest Partnership	1,197.96	1,197.96	1,197.96		-	
Clean Communities Program		11,273.63	11,273.63		-	
Community Development Block Grant	44,772.00	44,772.00	44,772.00		-	
Municipal Alliance on Alcohol and Drug Abuse	14,174.00	14,174.00	14,174.00		-	
Municipal Alliance - Matching Funds	3,550.00	3,550.00	3,550.00		-	
Solid Waste Administration - Recycling Tonnage Grant	13,434.34	13,434.34	13,434.34		-	
 Total Operations - Excluded from "CAPS"	<u>633,744.69</u>	<u>663,222.29</u>	<u>577,574.78</u>	<u>507.75</u>	<u>85,139.76</u>	
 DETAIL:						
Salaries and Wages	-	-	-	-	-	
Other Expenses	633,744.69	663,222.29	577,574.78	507.75	85,139.76	

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - A-3
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CURRENT FUND
STATEMENT OF EXPENDITURES-REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	EXPENDED		UNEXPENDED BALANCE CANCELLED
				ENCUMBERED	RESERVED	
<u>Capital Improvements - Excluded from "CAPS"</u>						
Capital Improvement Fund	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00		-	
Total Capital Improvements - Excluded from "CAPS"	25,000.00	25,000.00	25,000.00	-	-	
<u>Municipal Debt Service - Excluded from "CAPS"</u>						
Payment of Bond Anticipation Notes and Capital Notes	94,300.00	94,300.00	94,300.00			
Interest on Notes	53,791.00	53,791.00	53,790.17			0.83
Infrastructure Trust & Loan	123,731.00	123,731.00	112,760.94			10,970.06
Capital Lease Obligations Approved After 7/1/2007						
M.C.I.A.-Lease Payments - Principal	395,732.00	395,732.00	395,731.90			0.10
M.C.I.A.-Lease Payments - Interest	65,083.00	65,083.00	65,082.74			0.26
Total Municipal Debt Service - Excluded from "CAPS"	732,637.00	732,637.00	721,665.75	-	-	10,971.25
Deferred Charges:						
Special Emergency Authorizations	49,000.00	49,000.00	49,000.00			
Deferred Charges to Future Taxation-Unfunded	1,000.00	1,000.00	1,000.00			
Total Deferred Charges-Municipal Excluded from "Caps"	50,000.00	50,000.00	50,000.00	-	-	
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	1,441,381.69	1,470,859.29	1,374,240.53	507.75	85,139.76	10,971.25
Subtotal General Appropriations	7,178,840.69	7,208,318.29	6,668,579.34	114,496.69	414,271.01	10,971.25
Reserve for Uncollected Taxes	500,000.00	500,000.00	500,000.00			
Total General Appropriations	\$ 7,678,840.69	\$ 7,708,318.29	\$ 7,168,579.34	\$ 114,496.69	\$ 414,271.01	\$ 10,971.25
Ref.			A- 1	A-1,A-11	A,A-1	
Adopted Budget	A- 2	\$ 7,678,840.69				
Approp. by N.J.S.A. 40A:4-87	A- 2	29,477.60				
		\$ 7,708,318.29				
Reserve for Uncollected Taxes	A-2		\$ 500,000.00			
Cash Disbursed	A-4		6,375,949.10			
Cash Disbursed - CARES Act	A-4		24,561.53			
Cash Receipts - CARES Act Reimbursements	A-9		(13,156.58)			
Reserve for Tax Appeals	A-12		1,000.00			
Reserve for State & Fed. Grants Approp.	A-14		110,925.29			
Payment of Bond Anticipation Notes and Capital Notes	A-14		94,300.00			
Capital Improvement Fund	A-14		25,000.00			
Deferred Charges to Future Taxation-Unfunded	A-14		1,000.00			
Deferred Charges - Emergency Authorizations	A-16		49,000.00			
			\$ 7,168,579.34			

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

Exhibit - B

TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>REF.</u>	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019	LIABILITIES, RESERVES AND FUND BALANCE	<u>REF.</u>	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019
Animal Control Fund:				Animal Control Fund:			
Due from Current Fund	B- 1	\$ 4,666.33	\$ 4,657.00	Res. for Animal Control Fund Expend.	B- 1	\$ 4,666.33	\$ 4,657.00
Total Animal Control Fund		<u>4,666.33</u>	<u>4,657.00</u>	Total Animal Control Fund		<u>4,666.33</u>	<u>4,657.00</u>
Other Trust Fund:				Other Trust Fund:			
Cash	B- 1	633,338.09	108,701.99	Various Reserves	B- 1	1,415,643.55	481,977.87
Due from Current Fund	B- 1	682,305.46	273,275.88				
Due from General Capital Fund	B- 1	<u>100,000.00</u>	<u>100,000.00</u>				
Total Other Trust Fund		<u>1,415,643.55</u>	<u>481,977.87</u>	Total Other Trust Fund		<u>1,415,643.55</u>	<u>481,977.87</u>
Public Assistance Trust Fund				Public Assistance Trust Fund			
Cash	B- 1	<u>3,382.55</u>	<u>3,351.00</u>	Reserve for Expenditures	B- 1	<u>3,382.55</u>	<u>3,351.00</u>
		<u>\$ 1,423,692.43</u>	<u>\$ 489,985.87</u>			<u>\$ 1,423,692.43</u>	<u>\$ 489,985.87</u>

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

<u>ASSETS</u>	<u>REF.</u>	BALANCE DEC. 31, 2020	BALANCE DEC. 31, 2019
Due from Various Grantor Agencies	C- 3	\$ 2,238,274.85	\$ 3,574,958.85
Due from Current Fund	C- 6	2,393,626.05	810,669.15
Deferred Charges to Future Taxation:			
Funded	C- 4	1,485,749.44	1,995,387.05
Unfunded	C- 5	7,861,528.58	8,885,828.58
Deferred Charges:			
To be raised in subsequent years' budget	C-14	20,000.00	
		<u>\$ 13,999,178.92</u>	<u>\$ 15,266,843.63</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Due to Trust Other Fund	C- 6	\$ 100,000.00	\$ 100,000.00
Bond Anticipation Notes	C- 9	4,906,700.00	2,567,000.00
NJ Infrastructure Trust Loan Payable	C-10	135,000.00	200,000.00
NJ Infrastructure Fund Loan Payable	C-11	94,706.87	143,612.58
M.C.I.A. Lease Payable	C-12	1,256,042.57	1,651,774.47
Reserve for Encumbrances Payable	C- 8	1,507,490.80	2,828,020.08
Improvement Authorizations:			
Funded	C- 8	1,197,865.75	1,183,709.06
Unfunded	C- 8	3,919,555.52	3,937,226.03
Capital Improvement Fund	C- 7	33,883.05	53,883.05
Reserve for Payment of Future Debt Service	C-13	1,081.36	1,081.36
Reserve for Grants Receivable	C-15	809,669.09	2,563,353.09
Fund Balance	C- 1	37,183.91	37,183.91
		<u>\$ 13,999,178.92</u>	<u>\$ 15,266,843.63</u>
Bonds and Notes Authorized but not Issued	C-16	<u>\$ 3,854,828.58</u>	<u>\$ 6,318,828.58</u>

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

GENERAL CAPITAL FUND
 STATEMENT OF FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	
Balance - December 31, 2019	C	\$ 37,183.91
Balance - December 31, 2020	C	\$ <u>37,183.91</u>

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
DECEMBER 31, 2020 AND 2019

ASSETS	REF.	BALANCE DEC. 31,2020	BALANCE DEC. 31,2019	LIABILITIES, RESERVES AND FUND BALANCE	REF.	BALANCE DEC. 31,2020	BALANCE DEC. 31,2019
Operating Fund:				Operating Fund:			
Cash and Investments - Treasurer	D-4	\$ 4,213.60	\$ 4,170.99	Liabilities:			
Due from Current Fund	D-7	695,617.09	642,710.58	Appropriation Reserves	D-3,D-8	\$ 67,035.12	\$ 12,597.06
		699,830.69	646,881.57	Reserve for Encumbrances	D-3,D-8	38,556.00	154,081.46
				Sewer Rent Overpayments	D-6	10,408.46	3,952.29
				Due to Sewer Utility Capital Fund	D-7	179,360.67	154,360.67
Receivables with Offsetting Reserves:				Accounts Payable	D-8	-	1,741.50
Sewer Rents Receivable	D-5	82,970.46	123,899.66	Accrued Interest Payable	D-15	8,632.96	6,669.71
Sewer Liens Receivable	D-9	1,030.00	1,030.00				
		84,000.46	124,929.66			303,993.21	333,402.69
				Reserve for Receivables	Reserve	84,000.46	124,929.66
				Fund Balance	D-1	395,837.48	313,478.88
Total Operating Fund		783,831.15	771,811.23	Total Operating Fund		783,831.15	771,811.23
Capital Fund:				Capital Fund:			
Fixed Capital	D-12	24,125,000.00	24,125,000.00	MCIA Capital Leases	D-14	207,429.50	225,914.40
Fixed Capital - Authorized and Uncompleted	D-13	1,340,500.00	978,000.00	Bond Anticipation Notes	D-19	508,000.00	353,000.00
Due from Sewer Utility Operating Fund	D-11	179,360.67	154,360.67	Improvement Authorizations - Funded	D-16	92,628.97	95,459.47
Due from Current Fund	D-11	175,284.84	73,775.84	Improvement Authorizations - Unfunded	D-16	553,016.54	252,677.04
				Reserve for Encumbrances	D-16	11,500.00	-
				Reserve for Amortization	D-17	24,202,570.50	24,184,085.60
				Deferred Reserve for Amortization	D-18	147,525.00	110,025.00
				Capital Improvement Fund	D-10	97,475.00	109,975.00
Total Capital Fund		25,820,145.51	25,331,136.51	Total Capital Fund		25,820,145.51	25,331,136.51
		\$ 26,603,976.66	\$ 26,102,947.74			\$ 26,603,976.66	\$ 26,102,947.74

There were Bonds and Notes Authorized but not Issued on December 31, 2020 and 2019 of \$399,975.00 and \$229,975.00, respectively. (Exhibit D-20)

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>REVENUE AND OTHER INCOME</u>	<u>REF.</u>	<u>2020</u>	<u>2019</u>
Fund Balance Anticipated	D- 2	\$ 100,198.00	\$ 104,321.00
Sewer User Fees	D- 2	990,665.65	930,861.03
Miscellaneous Revenues Not Anticipated	D- 2	14,650.42	62.10
Other Credits to Income:			
Accounts Payable Cancelled	D-8	1,741.50	
Unexpended Balance of Approp. Reserves	D-8	3,147.93	61,290.55
		<u>1,110,403.50</u>	<u>1,096,534.68</u>
Total Revenue			
		<u>1,110,403.50</u>	<u>1,096,534.68</u>
<u>EXPENDITURES</u>			
Operating:			
Salaries and Wages	D- 3	94,000.00	72,424.00
Other Expenses	D- 3	718,707.23	699,000.00
Capital Improvements	D- 3	65,000.00	70,000.00
Debt Service	D- 3	35,939.67	27,806.34
Deferred Charges and Statutory Expenditures	D- 3	14,200.00	4,900.00
		<u>927,846.90</u>	<u>874,130.34</u>
Total Expenditures			
		<u>927,846.90</u>	<u>874,130.34</u>
Excess in Revenues		182,556.60	222,404.34
<u>FUND BALANCE</u>			
Balance - Beginning of Year	D	<u>313,478.88</u>	<u>195,395.54</u>
		496,035.48	417,799.88
Decreased by:			
Fund Balance Utilized	D-1	<u>100,198.00</u>	<u>104,321.00</u>
Fund Balance - End of Year	D	<u>\$ 395,837.48</u>	<u>\$ 313,478.88</u>

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>REF.</u>	<u>2020 BUDGET</u>	<u>REALIZED IN 2020</u>	<u>EXCESS OR (DEFICIT)</u>
Fund Balance Anticipated	D-1	\$ 100,198.00	\$ 100,198.00	\$
Sewer User Fees	D-1	827,649.00	990,665.65	163,016.65
Miscellaneous	D-1		14,650.42	14,650.42
		<u>\$ 927,847.00</u>	<u>\$ 1,105,514.07</u>	<u>\$ 177,667.07</u>

REF. D-3

ANALYSIS OF REALIZED REVENUES

Ref.

Sewer Rents:

Sewer Rents Receivable:

2020 Cash Collections:

Deposits in Current Fund

Overpayments Applied

D-7	\$	986,713.36	
D-5		<u>3,952.29</u>	
D-2,D-5			\$ <u>990,665.65</u>

Miscellaneous Revenues:

Interest and Costs on Sewer Rents

Misc. Revenues - Interest on Investments

D-7	\$	14,607.81	
D-4		<u>42.61</u>	
D-2			\$ <u>14,650.42</u>

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

SEWER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 <u>BUDGET</u>	BUDGET AFTER <u>MODIFICATION</u>	<u>PAID OR CHARGED</u>	EXPENDED <u>ENCUMBERED</u>	<u>RESERVED</u>	UNEXPENDED BALANCE <u>CANCELLED</u>
Operating:						
Salaries and Wages	\$ 94,000.00	\$ 94,000.00	\$ 78,385.30	\$	\$ 15,614.70	\$
Other Expenses	720,665.00	718,707.23	654,275.04	38,556.00	25,876.19	
Capital Improvements:						
Capital Improvement Fund	25,000.00	25,000.00	25,000.00		-	
Capital Outlay	40,000.00	40,000.00	23,740.39		16,259.61	
Debt Service:						
Payment of Bond Principal	18,485.00	18,485.00	18,484.90			0.10
Interest on Bonds	8,452.00	8,452.00	8,452.00			
Interest on Notes	7,045.00	9,002.77	9,002.77			
Statutory Expenditures:						
Contribution to:						
Public Employees Retirement System	7,000.00	7,000.00	-		7,000.00	
Social Security System (O.A.S.I.)	7,200.00	7,200.00	4,915.38		2,284.62	
	<u>\$ 927,847.00</u>	<u>\$ 927,847.00</u>	<u>\$ 822,255.78</u>	<u>\$ 38,556.00</u>	<u>\$ 67,035.12</u>	<u>\$ 0.10</u>
<u>Ref.</u>	D-2	D-2	D-1,D-7	D, D-1	D, D-1	
Disbursed	D-7		\$ 779,801.01			
Interfund - Capital Improvement Fund	D-7		25,000.00			
Accrued Interest	D-15		17,454.77			
			<u>\$ 822,255.78</u>			

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY
GOVERNMENTAL FIXED ASSET

STATEMENT OF GOVERNMENTAL FIXED ASSETS
DECEMBER 31, 2020 AND 2019

	December 31, 2020	December 31, 2019
GOVERNMENTAL FIXED ASSETS:		
Land	\$ 829,500.00	\$ 829,500.00
Buildings and Improvements	1,142,300.00	1,142,300.00
Machinery and Equipment	2,062,888.00	1,804,036.00
Furnitures and Fixtures	316,538.00	307,043.00
Vehicles	3,781,955.00	3,781,955.00
	<u>\$ 8,133,181.00</u>	<u>\$ 7,864,834.00</u>
Total Governmental Fixed Assets	<u>\$ 8,133,181.00</u>	<u>\$ 7,864,834.00</u>
Investments in Governmental Fixed Assets	<u>\$ 8,133,181.00</u>	<u>\$ 7,864,834.00</u>

See Notes to Financial Statements

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 1: FORM OF GOVERNMENT

The Borough of Dunellen operates under the legislative authority of N.J.S.A. 40A:60-1 et seq., which provides for the election of a mayor to serve a term of four years and a council of six members serving three year terms. At its annual meeting, the council elects a president of the council who shall preside at all its meetings when the mayor is not present. The mayor is the head of the municipal government and the council is the legislative body. The Borough has adopted an administrative code, which provides for the delegation of a portion of executive responsibilities to an administrator and the organization of the council into standing committees to oversee various Borough activities.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Dunellen include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Dunellen, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Dunellen do not include the operations of the municipal library, the board of education, first aid organization or volunteer fire company.

B. Description of Funds

The accounting policies of the Borough of Dunellen conform to the accounting principles applicable to municipalities, which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 of Dunellen accounts for its financial transactions through the following separate funds:

Current Fund - resources and expenditures for governmental operations of a general nature, including Federal and State grant funds, except as otherwise noted.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created. Pursuant to the provisions of N.J.S.A. 40A:4-39, the financial transactions of the following funds and accounts are reported within the Trust Fund:

- Animal Control Trust Fund
- Unemployment Compensation Insurance Trust Fund
- Disposal of Forfeited Property (P.L. 1985, Ch. 135)
- Developer's Escrow Fund
- Uniform Fire Safety Act - Penalty Monies (N.J.S.A. 52:27D-192 et seq.)
- Municipal Alliance Program
- Outside Employment of Off-Duty Municipal Police Officers
- Public Defender Fees
- Recreation Trust

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

B. Description of Funds (Cont'd.)

General Capital Fund - resources, including Federal and State Grants in aid of construction, and expenditures for the acquisition of general capital facilities, other than those acquired through the Current Fund, including the status of bonds and notes authorized for said purposes.

Sewer Utility Fund - resources and expenditures for the operations and acquisition of capital facilities of the municipally owned Sewer Utility. The Borough's Sewer Utility was established by respective ordinances adopted by the governing body and the utility began its operations effective January 1, 2013.

Governmental Fixed Assets – Governmental Fixed Assets system is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available or any other reasonable basis, provided such basis is adequately disclosed in the financial statements. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. GASB's Codification of Governmental Accounting and Financial Reporting Standards and subsequent GASB pronouncements are recognized as U.S. generally accepted accounting principles (GAAP) for state and local governments. GAAP provides for the issuance of entity-wide financial statements along with the presentation of separate fund financial statements that differ from the organization of funds prescribed under the regulatory basis of accounting utilized by the Borough. The resultant presentation of financial position and results of operations in the form of basic financial statements is not intended to present the general purpose financial statements required by GAAP.

C. Basis of Accounting

Basis of Accounting and Measurement Focus - The basis of accounting as prescribed by the Division of Local Government Services for its operating funds is generally a modified cash basis for revenue recognition and a modified accrual basis for expenditures. The operating funds utilize a "current financial resources" measurement focus. The accounting principles and practices prescribed for municipalities by the Division differ in certain respects from generally accepted accounting principles (GAAP) applicable to local government units. The most significant is the reporting of entity-wide financial statements, which are not presented in the accounting principles prescribed by the Division. The other more significant differences are as follows:

Revenues - Revenues are recorded when received in cash except for regulatory reimbursements and grant funds, which are due from other governmental units. State and Federal grants, entitlements and shared revenues received for operating purposes are realized as revenues when anticipated in the Borough's budget. Receivables for property taxes and sewer consumer charges are recorded with offsetting reserves within the Current Fund. Other amounts that are due to the Borough which are susceptible to accrual are recorded as receivables with offsetting reserves. These reserves are liquidated and revenues are recorded as realized upon receipt of cash. GAAP requires the recognition of revenues for general operations in the accounting period in which they become available and measurable, with the exception of sewer charges, which should be recognized in the period they are earned and become measurable.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Expenditures - For purposes of financial reporting, expenditures are recorded as "paid or charged" or "appropriation reserves". Paid or charged refers to the Borough's "budgetary" basis of accounting. Generally, these expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the encumbrance accounting system. Reserves for unliquidated encumbrances at the close of the year are reported as a cash liability.

Encumbrances do not constitute expenditures under GAAP. Appropriation reserves refer to unexpended appropriation balances at the close of the year. Appropriation reserves are automatically created and recorded as a cash liability, except for amounts, which may be cancelled by the governing body. Appropriation reserves are available until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred and not recorded in the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Generally, unexpended balances of budget appropriations are not recorded as expenditures under GAAP.

For the purpose of calculating the results of Current Fund operations, the regulatory basis of accounting utilized by the Borough requires that certain expenditures be deferred, and raised as items of appropriation in budgets of succeeding years. These deferred charges include the two general categories of overexpenditures and emergency appropriations. Overexpenditures occur when expenditures recorded as "paid or charged" exceed available appropriation balances. Emergency appropriations occur when, subsequent to the adoption of a balanced budget, the governing body authorizes the establishment of additional appropriations based on unforeseen circumstances or for other special purposes as defined by statute. Overexpenditures and emergency appropriations are deducted from total expenditures in the calculation of operating results and are established as assets for Deferred Charges on the Current Fund balance sheet. GAAP does not permit the deferral of overexpenditures to succeeding budgets.

In addition, GAAP does not recognize expenditures based on the authorization of an appropriation. Instead, the authorization of special purpose expenditures, such as the preparation of tax maps or revaluation of assessable real property, would represent the designation of fund balance.

Compensated Absences - The Borough has adopted written policies via employee contracts and municipal ordinances which set forth the terms under which an employee may accumulated earned, but unused, vacation and sick leave, establishes the limits on such accumulations and specifies the conditions under which the right to receive payment for such accumulations vests with the employee. The Borough records expenditures for payments of earned and unused vacation and sick leave in the accounting period in which the payments are made. GAAP requires that expenditures be recorded in the governmental (Current) fund in an amount that would normally be liquidated with available financial resources.

Property Acquired for Taxes - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the general fixed asset account group at the lower of cost or fair market value.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Sale of Municipal Assets - Cash proceeds from the sale of Borough owned property are reserved until utilized as an item of anticipated revenue in a subsequent year budget. Year-end balances of such proceeds are reported as a cash liability in the Current Fund. GAAP requires that revenue be recognized in the accounting period that the terms of sales contracts become legally enforceable.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the accounting period 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 of Supplies - The cost 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, with the exception of the Sewer Utility. Inventories for the respective years are presented on the balance sheet of the Sewer Utility Fund for information purposes only. These inventories were not considered in the cost of operations for the respective years and were not audited as part of this report.

Fixed Assets - Property and equipment purchased by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized. Contributions in aid of construction are not capitalized.

Governmental Fixed Assets - Property and equipment acquired by the Current and General Capital Funds are recorded as expenditures at the time of purchase and are not capitalized in their own respective funds. Property and equipment acquired by the Sewer Utility Fund is recorded in its capital accounts at cost and is adjusted for dispositions and abandonment's. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Sewer Utility Capital Fund represent charges to operations for the costs of acquisitions of property, equipment and improvements, and costs funded from sources other than bonded debt of the utility. The utility does not record depreciation on fixed assets. GAAP does not require the establishment of a reserve for amortization for utility fixed assets, but does require the recognition of depreciation of these assets as an operating expense of the utility. Governmental fixed assets are defined as nonexpendable personal and real property having a physical existence, a useful life of more than one year and utilize an acquisition cost threshold, the maximum of which is \$5,000.00. Infrastructure assets are excluded from governmental fixed assets. Depreciation is not recorded in governmental fixed assets.

Disclosures About OPEB Liabilities - With the implementation of GASB 75 for disclosure purposes, the Borough has included information for OPEB (Postemployment Benefits Other Than Pensions) liabilities relating to healthcare benefits provided to its retirees within the Notes to the Financial Statements and the accompanying required supplementary information, if applicable. As the Borough does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the OPEB liability of the defined benefit healthcare plans in which its retirees are enrolled. GAAP requires the recognition of the OPEB liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to OPEB liabilities is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the State of New Jersey Department of Community Affairs, Division of Local Government Services (DLGS) issued Local Finance Notice 2021-10 on May 26, 2021.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Disclosures About OPEB Liabilities (Cont'd.) - To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the DLGS discretion to permit the most recent available audited GASB 75 financial information to be incorporated into the audited financial statements. As a result, the latest available audited information is presented in Note 12.

Disclosures About Pension Liabilities

The Borough has included information relating to its proportionate shares of the net pension liabilities of the state sponsored, cost-sharing, multiple employer defined benefit pension plans in which it participates in Note 9 and the accompanying required supplementary information. As the Borough does not present entity-wide financial statements, it does not present on the face of its financial statements its proportionate share of the net pension liability of the defined benefit plans in which its employees are enrolled. GAAP requires the recognition of the net pension liability and associated deferred inflows and deferred outflows of financial resources in the entity-wide financial statements. The audited financial information related to pensions is released annually by the State's Division of Pensions and Benefits and is required to be included as note disclosures in the financial statements. Due to delays in the availability of the information needed for disclosure, the State of New Jersey Department of Community Affairs, Division of Local Government Services (DLGS) issued Local Finance Notice 2021-10 on May 26, 2021. To ensure the timely filing of county and municipal audits, Local Finance Board regulations allow the DLGS discretion to permit the most recent available audited GASB 68 financial information to be incorporated into the audited financial statements. As a result, the latest available audited information is presented in Note 9.

Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and short-term investments: The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term debt: The Borough's long-term debt is stated at face value. The debt is not traded and it is not practicable to determine its fair value without incurring excessive cost. Additional information pertinent to the Borough's long-term debt is provided in Note 3 to the financial statements.

Recent Accounting Standards

The Borough does not prepare its financial statements in accordance with accounting principles generally accepted in the United States. The adoption of these new standards will not adversely effect the reporting on the Borough's financial condition.

GASB issued Statement No. 91 *Conduit Debt Obligations* in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards (Cont'd.)

GASB Statement No. 91 (Cont'd.) The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Due to the COVID-19 pandemic GASB 95 which was issued in May 2020 has extended the implementation date to December 15, 2021. Earlier application is encouraged.

GASB issued Statement No. 92 *Omnibus 2020* in January 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Due to the COVID-19 pandemic GASB 95 which was issued in May 2020 has extended the implementation date to June 15, 2022. Earlier application is encouraged.

GASB issued Statement No. 93 *Replacement of Interbank Offered Rates* in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter. Due to the COVID-19 pandemic GASB 95 which was issued in May 2020 has extended the implementation date for one year. Earlier application is encouraged.

GASB issued Statement No. 94 *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* in March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. Earlier application is encouraged.

GASB issued Statement No. 95 *Postponement of the Effective Dates of Certain Authoritative Guidance* in May 2020. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

C. Basis of Accounting (Cont'd.)

Recent Accounting Standards (Cont'd.)

GASB issued Statement No. 97 *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Comparative Data

Comparative data for the prior year has been presented in order to provide an understanding of changes on the Borough's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION

The Local Bond Law, Chapter 40A:2 et seq, governs the issuance of bonds to finance municipal capital expenditures. The Borough's municipal debt is summarized as follows:

A. Summary of Municipal Debt for Capital Projects

	<u>2020</u>	<u>2019</u>
<u>Issued:</u>		
General:		
Bonds & Notes	\$ 4,906,700.00	\$ 2,567,000.00
Loans Payable	1,485,749.44	1,995,387.05
Sewer:		
Bonds & Notes	508,000.00	353,000.00
Loans Payable	<u>207,429.50</u>	<u>225,914.40</u>
Total Debt Issued	<u>7,107,878.94</u>	<u>5,141,301.45</u>
<u>Authorized but not Issued:</u>		
General:		
Bonds & Notes	3,854,828.58	6,318,828.58
Sewer:		
Bonds & Notes	<u>399,975.00</u>	<u>229,975.00</u>
Total Authorized but not Issued	<u>4,254,803.58</u>	<u>6,548,803.58</u>
Bonds & Notes Issued and Authorized but not Issued	<u>\$ 11,362,682.52</u>	<u>\$ 11,690,105.03</u>

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

A. Summary of Municipal Debt for Capital Projects (Cont'd.)

Summarized below are the Borough's individual bond issues which were outstanding at December 31, 2020 and 2019

<u>General Improvement Debt:</u>	<u>2020</u>	<u>2019</u>
\$1,845,475 State of NJ - Environmental Infrastructure Loan Aug. 1, 2003, interest at 4.75%-5.00%	\$ 229,706.87	\$ 343,612.58
\$2,462,767.39 M.C.I.A. Loan May 3, 2012, interest at 3.00%	424,764.75	703,679.68
\$1,174,880.03 M.C.I.A. Loan May 3, 2017, interest at 3.00%-4.00%	831,277.82	948,094.79
\$2,567,000.00, Bond Anticipation Note, mature on June 12, 2020, interest at 2.000%		2,567,000.00
\$4,906,700.00, Bond Anticipation Note, mature on April 28, 2021, interest at 1.750%	4,906,700.00	
\$262,371.30 M.C.I.A. Loan (Sewer) May 3, 2017, interest at 3.00%-4.00%	207,429.50	225,914.40
\$353,000.00, Bond Anticipation Note, mature on June 12, 2020, interest at 2.000%		353,000.00
\$508,000.00, Bond Anticipation Note, mature on April 28, 2021, interest at 1.750%	508,000.00	
Total Debt Issued and Outstanding	<u>\$ 7,107,878.94</u>	<u>\$ 5,141,301.45</u>

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

B. 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:

<u>2020</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 29,380,000.00	\$ 25,790,546.25	\$ 3,589,453.75
Sewer Utility Debt	1,115,404.50	1,115,404.50	
General Debt	10,247,278.02	1,081.36	10,246,196.66
	<u>\$ 40,742,682.52</u>	<u>\$ 26,907,032.11</u>	<u>\$ 13,835,650.41</u>

Net Debt \$13,835,650.41 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2
as amended \$644,763,656.33 = 2.146%

The Borough's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at December 31, was as follows:

	<u>2020</u>
3 1/2% of Equalized Valuation Basis Municipal	\$ 22,566,727.97
Net Debt	<u>13,835,650.41</u>
Remaining Borrowing Power	<u>\$ 8,731,077.56</u>

<u>2019</u>	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 29,880,000.00	\$ 24,665,485.67	\$ 5,214,514.33
Sewer Utility Debt	808,889.40	808,889.40	
General Debt	10,881,215.63	1,081.36	10,880,134.27
	<u>\$ 41,570,105.03</u>	<u>\$ 25,475,456.43</u>	<u>\$ 16,094,648.60</u>

Net Debt \$16,094,648.60 Divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2
as amended \$616,637,141.67 = 2.610%

The Borough's Borrowing Power Under N.J.S.A. 40A:2-6 as Amended, at December 31, was as follows:

	<u>2019</u>
3 1/2% of Equalized Valuation Basis Municipal	\$ 21,582,299.96
Net Debt	<u>16,094,648.60</u>
Remaining Borrowing Power	<u>\$ 5,487,651.36</u>

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

C. Summary of Statutory Debt Condition - Annual Debt Statements

Deductions of Self-Liquidating Sewer Utility Debt for Statutory Net Debt (N.J.S.A. 40:2-45)

The calculation of "Self-Liquidating Purpose" for the Sewer Utility, per N.J.S.A. 40A:2-45 is as follows:

	<u>2020</u>	<u>2019</u>
Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 1,105,514.07	\$1,035,244.13
Deductions:		
Operating and Maintenance Costs	826,907.23	776,324.00
Debt Service	<u>35,939.67</u>	<u>27,806.34</u>
Excess in Revenues	<u>\$ 242,667.17</u>	<u>\$ 231,113.79</u>

The difference between the excess in revenues for debt statement purposes and the excess in revenues on a cash basis for the Sewer Utility Fund is as follows:

Excess in Revenues - Cash Basis (D-1)	\$ 182,556.60	\$ 222,404.34
Add: Capital Improvement Funds	<u>65,000.00</u>	<u>70,000.00</u>
	247,556.60	292,404.34
Deduct:		
Accounts Payable Cancelled	1,741.50	
Reserves Cancelled	<u>3,147.93</u>	<u>61,290.55</u>
Excess in Revenues per Debt Statement	<u>\$ 242,667.17</u>	<u>\$ 231,113.79</u>

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 3: DEBT, DEBT SERVICE AND DEBT CONDITION (CONT'D.)

D. Schedule of Annual Debt Service for Principal and Interest
for New Jersey Environmental Infrastructure Loan at December 31, 2020

<u>Year</u>	<u>State</u> <u>Principal</u>	<u>Trust</u> <u>Principal</u>	<u>Trust</u> <u>Interest</u>	<u>Total</u>
2021	\$ 46,781.51	\$ 65,000.00	\$ 6,575.00	\$ 118,356.51
2022	47,925.36	70,000.00	3,325.00	121,250.36
	<u>\$ 94,706.87</u>	<u>\$ 135,000.00</u>	<u>\$ 9,900.00</u>	<u>\$ 239,606.87</u>

Schedule of Annual Debt Service for Principal and Interest
for MCIA Loan - General Capital Fund at December 31, 2020

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 342,731.43	\$ 43,598.76	\$ 386,330.19
2022	321,563.10	33,316.81	354,879.91
2023	111,468.30	23,669.92	135,138.22
2024	115,926.98	19,211.19	135,138.17
2025	118,564.03	14,574.11	133,138.14
2026	122,386.62	9,831.55	132,218.17
2027	123,402.11	4,936.08	128,338.19
	<u>\$ 1,256,042.57</u>	<u>\$ 149,138.43</u>	<u>\$ 1,405,181.00</u>

Schedule of Annual Debt Service for Principal and Interest
for MCIA Loan - Sewer Utility Capital Fund at December 31, 2020

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 19,009.50	\$ 7,896.58	\$ 26,906.08
2022	21,049.80	7,326.30	28,376.10
2023	32,008.80	6,694.80	38,703.60
2024	33,289.20	5,414.46	38,703.66
2025	33,620.80	4,082.88	37,703.68
2026	34,005.60	2,738.06	36,743.66
2027	34,445.80	1,377.84	35,823.64
	<u>\$ 207,429.50</u>	<u>\$ 35,530.92</u>	<u>\$ 242,960.42</u>

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 4: FUND BALANCES APPROPRIATED

Fund balance for the Current Fund at December 31, 2020 and 2019 were reported in the amounts of \$530,366.47 and \$452,246.16, respectively, of which \$468,000.00 and \$387,000.00, were appropriated and included as anticipated revenue for the year ending December 31, 2021 and 2020, respectively.

Fund balance for the Sewer Utility Fund at December 31, 2020 and 2019 were reported in the amounts of \$395,837.48 and \$313,478.88, respectively, of which \$133,195.00 and \$100,198.00 were appropriated and included as anticipated revenue for the year ending December 31, 2021 and 2020, respectively.

Note 5: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. For 2020, due to COVID-19, certain deficits in revenues may also be deferred. At December 31, 2020, the following deferred charges are shown on the balance sheet of the various funds:

	Balance December 31, <u>2019</u>	Amount Resulting in <u>2020</u>	Amount Raised in <u>2020</u>	Balance December 31, <u>2020</u>
Current Fund:				
Special Emergency Appropriation				
Tax Maps	\$ 34,000.00	\$ -	\$ 17,000.00	\$ 17,000.00
Revaluation	96,000.00		32,000.00	64,000.00
COVID-19 Deficit in Revenues		118,032.09		118,032.09
Total	<u>\$130,000.00</u>	<u>\$118,032.09</u>	<u>\$ 49,000.00</u>	<u>\$ 199,032.09</u>

Note 6: CASH AND CASH EQUIVALENTS AND INVESTMENTS

State statutes set forth deposit requirements and investments that may be purchased by local units and the Borough deposits and invests its funds pursuant to its policies and an adopted cash management plan.

Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits to protect deposits from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five (5) percent of the average daily balance of collected public funds; or if the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent, to secure the deposits of governmental units.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 6: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

The Borough's deposits and investments at December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Deposits, NOW & Money Market	<u>\$5,939,780.31</u>	<u>\$3,006,190.00</u>
	<u>\$5,939,780.31</u>	<u>\$3,006,190.00</u>

Based upon GASB criteria, the Borough considers change funds, cash in banks, investments in certificates of deposit and State of New Jersey Cash Management Fund as cash and cash equivalents. At December 31, 2020, the book value of the Borough's cash, cash equivalents and investments was \$5,807,028.14, and bank balances of the Borough's deposits and investments amounted to \$5,939,780.31. Of the bank balance, \$250,000.00 was covered by Federal depository insurance and \$5,689,780.31 was covered under the provisions of NJGUDPA.

Credit Risk – GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In general, the Borough does not have an investment policy regarding Credit Risk except to the extent outlined under the Borough's investment policy. The New Jersey Cash Management Fund is not rated.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Borough's deposits may not be returned. The government does not have a specific deposit policy for custodial risk other than those policies that adhere to the requirements of statute. As of December 31, 2020, based upon the insured balances provided by the FDIC and NJGUDPA coverage, no amount of the Borough's bank balance was considered exposed to custodial risk.

Concentration of Credit Risk – This is the risk associated with the amount of investments that the Borough has with any one issuer that exceeds 5 percent or more of its total investments. Investment issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Borough does not have a formal policy that limits investments maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

Based upon the existing deposit and investment practices, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risks for its deposits and investments.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 6: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONT'D)

Investments (Cont'd.)

Investments

New Jersey statutes establish the following securities as eligible for the investment of Borough funds:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States;
2. Government money market mutual funds;
3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided such obligation bear a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Borough or bonds or other obligations of school districts of which the Borough is a part and within which the school district is located;
5. Bonds or other obligations having a maturity date of not more than 397 days from the date of purchase that are approved by the Division of Investment of the Department of Treasury for investment by local units;
6. Local government investment pools;
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1997, c. 281 (C.52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3);
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is more than 30 days; and
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.19:9-41) and for which a master repurchase agreement providing for the custody and security of the collateral is executed.

New Jersey Cash Management Fund – All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other Than State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of December 31, 2020, the Borough had no funds on deposit with the New Jersey Cash Management Fund.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 7: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheets at December 31, 2020:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 31,368.84	\$ 3,951,499.77
Grant Fund		31,368.84
Animal Control Fund	4,666.33	
Trust Fund	782,305.46	
General Capital Fund	2,393,626.05	100,000.00
Sewer Utility Operating Fund	695,617.09	179,360.67
Sewer Utility Capital Fund	354,645.51	
Total	\$ <u>4,262,229.28</u>	\$ <u>4,262,229.28</u>

These interfund balances are not an indication that the respective fund cannot meet its obligation. The interfund amounts are reflective of year-end closing journals and adjustments. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Transfers are used to (1) move revenues from the funds New Jersey Statute or budget requires to collect to collect to fund the appropriation and the statute or budget to expend them.

Note 8: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1, in each year and filed with the County Board of Taxation by January 10th of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District, County and Fire Districts, the tax rate is struck by the board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector on or before May 13th.

Tax bills are prepared and mailed by the Collector of Taxes of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for preliminary amounts billed previously with the balance payable in equal installments on August 1st and November 1st of the tax year. In addition, the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The NJ Statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% to 18% of the amounts delinquent, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. If taxes are delinquent on or after April 1st of the succeeding year, the delinquent amount is subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien by collection or foreclosure. New Jersey property tax laws establish a tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS

Description of Plans - The State of New Jersey, Division of Pension and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State). 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 plans terminate. Each defined benefit pension plan's designated purpose is to provide retirement, death and disability benefits to its members. The authority to amend the provision of plan rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for the Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS), once a Target Funded Ratio (TFR) is met, that will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation or final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committee will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a projection period. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the plans. This report may be accessed via the Division of Pensions and Benefits website, at www.state.nj.us/treasury/pensions, or may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

A. Public Employees' Retirement System (PERS) - The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Inactive plan members or beneficiaries currently receiving benefits	182,492	178,748
Inactive plan members entitled to but not yet receiving benefits	942	609
Active plan members	<u>249,045</u>	<u>252,598</u>
Total	<u>432,479</u>	<u>431,955</u>
Contributing Employers –	1,691	1,697
Contributing Non-employers -	1	1

Significant Legislation – P.L. 2009, Chapter 19, effective March 17, 2009, provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of PERS, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

Pursuant to the provision of, P.L. 2011, Chapter 78, COLA increases were suspended for all current and future retirees of PERS.

Payrolls and Covered Wages:

For the year ended December 31, 2020 and 2019 the Borough's total payroll for all employees was \$3,616,271 and \$3,508,041, respectively. Total PERS covered payroll was \$931,208 and \$922,295, respectively. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PERS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Pursuant to the provisions of P.L. 2011, Chapter 78, the member contribution rate was 7.50% in State fiscal year 2020. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount. The Borough's cash basis contributions to the Plan for the years ended December 31, 2020 and 2019 were \$128,188 and \$133,352, respectively. Borough contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Borough payments to PERS for the years ending December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Normal Cost	\$ 11,194	\$ 15,764
Amortization of Accrued Liability	<u>103,583</u>	<u>104,650</u>
Total Pension	114,777	120,414
NCGI Premiums	<u>6,185</u>	<u>5,736</u>
Total Pension & NCGI	120,962	126,150
LTD Expense	516	547
Additional Billings: Ch. 19, P.L. 2009	<u>6,710</u>	<u>6,655</u>
Total PERS Payment	<u>\$ 128,188</u>	<u>\$ 133,352</u>

Ch. 19, P.L. 2009 billings reflect the recoupment of the 50% deferral of normal and accrued liability costs due on April 1, 2009. The law set a fifteen-year repayment schedule for the deferred amount, with additional annual adjustments to reflect the return on investment of actuarial net assets of the plan on deferred principal balances.

The Borough recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

The following represents the membership tiers for PERS:

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

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until the fiscal period in which such payments will become due and payable.

At June 30, 2020, the PERS reported a net pension liability of \$16,307,384,832 for its Local (Non-State) Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Local Employer Member Group that is attributable to the Borough was \$2,122,994 or 0.0130186075% which was an increase of 0.0005830853% from its proportion measured as of June 30, 2019. At June 30, 2019, the PERS reported a net pension liability of \$18,018,482,972 for its Local Employer Member Group. The Borough's proportionate share of the net pension liability for the Local Employer Member Group that was attributable to the Borough was \$2,240,692 or 0.0124355222%.

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.00-6.00%
Through 2026	Based on years of service
Thereafter	3.00-7.00%
	Based on years of service
Investment rate of return	7.00%

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

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

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	<u>3.00%</u>	3.40%
	<u>100.0%</u>	

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

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

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate – The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	At 1% Decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
State	\$25,353,758,472	\$22,223,967,525	\$19,576,310,991
Local	<u>20,689,699,233</u>	<u>16,435,616,426</u>	<u>12,825,910,903</u>
PERS Plan Total	<u>\$46,043,457,705</u>	<u>\$38,659,583,951</u>	<u>\$32,402,221,894</u>
Borough's proportionate share of the net pension liability	<u>\$2,672,496</u>	<u>\$2,122,994</u>	<u>\$1,656,727</u>

*- Local Share includes \$128,231,594 of Special Funding Situation allocated to the State of NJ as a non-employer.

Components of Net Pension Liability – The components of the collective net pension liability for PERS, including the State of New Jersey, at June 30, 2020 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$28,272,160,382	\$39,432,792,871	\$67,704,953,253
Plan Fiduciary Net Position	<u>6,048,192,857</u>	<u>22,997,176,445</u>	<u>29,045,369,302</u>
Net Pension Liability	<u>\$22,223,967,525</u>	<u>\$16,435,616,426</u>	<u>\$38,659,583,951</u>

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

At December 31, 2020, the Borough's deferred outflow of resources and deferred inflow of resources related to PERS were from the following sources, if GASB 68 was recognized:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$38,656	\$7,508
Change in assumptions	68,872	888,918
Net difference between projected and actual earnings		
On pension plan investments	72,566	
Changes in proportion and differences between Borough		
Contributions and proportionate share of contributions	132,118	148,644
Borough contributions subsequent to the		
measurement date	<u>128,188</u>	<u>-</u>
Total	<u>\$440,400</u>	<u>\$1,045,070</u>

\$128,188 is reflected above as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions would be recognized in pension expense as follows:

<u>Year ending</u>	<u>Amount</u>
2021	\$(277,538)
2022	(270,775)
2023	(140,470)
2024	(35,461)
2025	<u>(8,614)</u>
Total	<u>\$(732,858)</u>

Additional Information

Collective balances at June 30, 2020

Collective deferred outflows of resources	\$2,347,583,337
Collective deferred inflows of resources	7,849,949,467
Collective net pension liability – Local group	16,435,616,426
 Borough's Proportion	 0.0130186075%

Collective Local Group pension expense for the Local Group for the measurement period ended June 30, 2020 and 2019 was \$407,705,399 and \$974,471,686, respectively. The average of the expected remaining service lives of all plan members is 5.16, 5.21, 5.63, 5.48, 5.57, 5.72 and 6.44 years for 2020, 2019, 2018, 2017, 2016, 2015 and 2014, respectively.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

A. Public Employees' Retirement System (PERS) (Cont'd.)

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2020 and June 30, 2019 are \$1,144,889,253 and \$1,038,892,124, respectively.

B. Police and Firemen's Retirement System (PFRS)

The Police and Firemen's Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Inactive plan members or beneficiaries currently receiving benefits	45,537	44,567
Inactive plan members entitled to but not yet receiving benefits	65	42
Active plan members	<u>42,520</u>	<u>42,295</u>
Total	<u>88,122</u>	<u>86,904</u>
Contributing Employers –	582	584
Contributing Non-employers -	1	1

Significant Legislation - Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

The State Legislature adopted L. 2018, c. 55 in July 2018, which transferred management of PFRS from the New Jersey Department of Treasury, Division of Pensions and Benefits to a newly constituted twelve-member PFRS Board of Trustees. The new PFRS Board, which was established in February 2019 per the legislation, has more power and authority as compared to the former PFRS Board of Trustees. In addition to overseeing the management of PFRS, the new PFRS Board will also have the authority to direct investment decisions, to adjust current benefit levels and to change member and employer contribution rates. With regard to changes in current benefit provisions, such changes can only be made with the approval of a supermajority of eight (8) of the twelve (12) members of the new PFRS Board. Also, benefit enhancement can only be made if an independent actuary certifies that the benefit enhancements will not jeopardize the long-term viability of PFRS. Under prior law, benefit enhancements, including the reinstatement of COLA for retirees, could only be considered when the funded level of the pension fund reaches 80%. An actuarial certification was also required that the funded levels would remain at or above 80% over a 30-year period following the benefit enhancement.

In accordance with L. 2018, c. 55, the new PFRS Board will also have the authority to formulate investment policies and direct the investment activities of the PFRS. The PFRS Board has proposed regulations for adoption governing the methods, practices, and procedures for investment or reinvestments of money of PFRS.

For the year ended December 31, 2020 and 2019 the Borough's total payroll for all employees was \$3,616,271 and \$3,508,041, respectively. Total PFRS covered payroll was \$1,687,209 and \$1,545,290, respectively. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. However, due to systems limitations, covered payroll includes only "pensionable" payroll as reported to PFRS.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate was 10% in State fiscal year 2020. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. The Borough's cash basis contributions to the Plan for the years ended June 30, 2020 and 2019 were \$459,101 and \$464,932, respectively.

Borough Contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contribution requirements were calculated. Borough payments to PFRS for the years ending December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Normal Cost	\$ 141,815	\$ 140,107
Amortization of Accrued Liability	<u>278,349</u>	<u>289,321</u>
Total Pension	420,164	429,428
NCGI Premiums	<u>20,296</u>	<u>16,956</u>
Total Regular Billing	440,460	446,384
Additional Billings: Ch. 19, P.L. 2009	<u>18,641</u>	<u>18,548</u>
Total PFRS Payment	\$ <u>459,101</u>	\$ <u>464,932</u>

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – The regulatory basis of accounting which is basis for the preparation of the Borough's basic financial statements does not require or permit the inclusion of entity-wide, full accrual basis financial statements. Accordingly, the Borough does not recognize pension liabilities for any current or prior period until fiscal period in which such payments will become due and payable.

At June 30, 2020, the PFRS reported a net pension liability of \$12,921,318,904 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate share of the net pension liability for the Non-State, Non-Special Funding Situation Employer Member Group was \$5,588,489 or 0.0432501437%. At June 30, 2019, the PFRS reported a net pension liability of \$12,237,818,793 for its Non-State, Non-Special Funding Situation Employer Member Group. The Borough's proportionate of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$5,336,316 or 0.0436051262%.

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
	3.25-15.25%
	Based on years of service
Investment rate of return	7.00%

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	<u>3.00%</u>	3.40%
	<u>100.0%</u>	

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

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

Components of Net Pension Liability – The components of the collective net pension liability of the participating employers for PFRS, including the State of New Jersey, at June 30, 2020 is as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 5,717,806,071	\$40,919,980,447	\$46,637,786,518
Plan Fiduciary Net Position	<u>1,418,796,120</u>	<u>25,993,331,725</u>	<u>27,412,127,845</u>
Net PFRS Pension Liability	<u>\$ 4,299,009,951</u>	<u>\$14,926,648,722</u>	<u>\$19,225,658,673</u>

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate – The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>At 1% Decrease</u> <u>(6.00%)</u>	<u>At current discount rate</u> <u>(7.00%)*</u>	<u>At 1% increase</u> <u>(8.00%)</u>
State	\$ 4,998,864,901	\$ 4,299,009,951	\$ 3,717,851,603
Local	<u>19,849,370,425</u>	<u>14,926,648,722</u>	<u>10,837,952,259</u>
PFRS Plan Total	<u>\$24,848,235,326</u>	<u>\$19,225,658,673</u>	<u>\$14,555,803,862</u>
Borough's proportionate share of the net pension liability	<u>\$7,431,540</u>	<u>\$5,588,489</u>	<u>\$4,057,694</u>

*- Local Share includes \$2,005,329,818 of Special Funding Situation allocated to the State of NJ as a non-employer.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

At December 31, 2020, the Borough's deferred outflow of resources and deferred inflow of resources related to PFRS were from the following sources, if GASB 68 was recognized:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expended and actual experience	\$56,341	\$20,056
Change in assumptions	14,063	1,498,240
Net difference between projected and actual earnings		
On pension plan investments	327,679	
Changes in proportion and differences between Borough		
Contributions and proportionate share of contributions	151,219	322,860
Borough contributions subsequent to the measurement date	<u>459,101</u>	<u>-</u>
Total	<u>\$1,008,403</u>	<u>\$1,851,156</u>

\$459,101 is reflected above as deferred outflows of resources related to pensions resulting from Borough contributions subsequent to the measurement date. Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense as follows:

<u>Year ending</u>	<u>Amount</u>
2021	\$(543,474)
2022	(379,336)
2023	(217,095)
2024	(107,386)
2025	<u>(54,563)</u>
Total	<u>\$(1,301,854)</u>

Additional Information

Collective balances at June 30, 2020

Collective deferred outflows of resources	\$1,601,195,680
Collective deferred inflows of resources	4,191,274,402
Collective net pension liability – Local group	14,926,648,722
Borough's Proportion	0.0432501437%

Collective pension expense for the Local Group for the measurement period ended June 30, 2020 and 2019 is \$949,220,570, and \$1,325,963,796, respectively. The average of the expected remaining service lives of all plan members is 5.90, 5.92, 5.73, 5.59, 5.58, and 5.53 years for 2020, 2019, 2018, 2017, 2016, and 2015, respectively.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

B. Police and Firemen's Retirement System (PFRS) (Cont'd.)

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Receivable Contributions

The Fiduciary Net Position (FNP) includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the years ended June 30, 2020 and June 30, 2019 are \$1,194,176,430 and \$1,105,874,849, respectively.

Special Funding Situation - The Borough is responsible for the actuarially determined annual contributions to the PFRS, except where legislation was passed that legally obligates the State if certain circumstances occur. A special funding situation exists for the Local employers of the PFRS. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers based upon the provisions of several legislative actions. The provisions of GASB Statement No. 68 define this relationship as a "special funding situation", and the State of New Jersey is defined as a "non-employer contributing entity".

Unaudited data provided by the PFRS indicates that the total Non-employer contributions made to the PFRS by the State for the year ended June 30, 2020 was \$154,309,000. The portion of that contribution allocated to the Borough was \$66,739 or 0.0432501437%. The June 30, 2020 State special funding situation pension expense of \$227,263,993 was actuarially determined and represents the required contribution due from the State for the year. The special funding situation net pension liability under the special funding situation was reported at \$2,005,329,818 at June 30, 2020 and represents the accumulated difference between the actuarially determined annual contributions required and the actual State contributions through the valuation date. The Borough's allocated shares of the special funding situation pension expense for the year ended June 30, 2020 and its share of the special funding situation NPL at that date were \$98,292 and \$867,308, respectively.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 9. PENSION PLANS (CONT'D.)

C. Defined Contribution Retirement System (DCRP)

The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers- Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in TPAF or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in TPAF or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in TPAF or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employees' base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and nonforfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and nonforfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

For the year ended December 31, 2020 and 2019 the Borough's total payroll for all employees was \$3,616,271 and \$3,508,041. Total DCRP covered payroll was \$70,929 and \$44,567, respectively. Covered payroll refers to all compensation paid by the Borough to active employees covered by the Plan. Borough and employee contributions to the DCRP for the year ended December 31, 2020 were \$2,128 and \$3,901, respectively and for the year ended December 31, 2019 were \$1,337 and \$2,450, respectively.

Note 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from coverage in the prior year.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 11: ACCRUED SICK AND VACATION BENEFITS

The Borough has established personnel policies via employee contracts and municipal ordinances, which set forth the terms under which an employee may accumulate unused benefits as follows:

Sick Leave - Sick leave shall accumulate at the rate of one (1) day per month up to a maximum of seven (7) days per year. Unused sick leave is forfeited upon separation from employment or retirement. The Borough police officers enrolled in the Police and Fire Retirement System (PFRS) are allotted an unlimited number of days up to one full year. Sick leave may not be accrued.

Vacations - Vacation pay for permanent employees accumulates in accordance with the approved schedules for one additional calendar year. Vacations days may be taken during the calendar year in which it is earned or in the first three (3) succeeding years. Unused vacation leave may be carried forward into the next succeeding year only with prior approval of the department head or appropriate committee. Any employee who has separated his/her employment may be paid the salary equivalent for vacation accrued.

Terminal Leave – Lieutenants hired as patrolmen prior to July 1, 2005 shall be entitled to 60 calendar days of terminal leave provided the employee has 20 years of service with the Borough of Dunellen and at least 25 years with the Police Fire Pension System. Sergeants hired as patrolmen prior to July 1, 2005 shall be eligible for 30 calendar day's terminal leave provided the employee has at least 20 years' service with the Borough of Dunellen and at least 25 years with the Police Fire Pension System. Patrolmen shall not be eligible for terminal leave. Sergeants and lieutenants hired as patrolmen after July 1, 2005 and promoted after July 1, 2005 must have at least 25 years with the Borough of Dunellen as well as 25 years in the Police Fire Pension System.

The Borough has permitted certain employees to accrue unused sick and vacation pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost of such unpaid sick and vacation pay would approximate \$72,107 and \$67,574 for December 31, 2020 and 2019, respectively. In addition, based on the above criteria, there are no individuals that qualify for terminal leave and qualify as being hired prior to July 1, 2005 and having 20 years of service with the Borough of Dunellen and have at least 25 years with the Police Fire Pension System. The above amount represents the current value of all accumulations, and is not intended to portray amounts that would be recorded under GAAP. Expenditures for payment of accrued sick, vacation and terminal leave benefits are recorded in the period in which payments are made as part of the current year's operating budget appropriations.

Note 12: POST RETIREMENT HEALTH BENEFITS

Plan Description: The Borough of Dunellen contributes to the State Health Benefits Program (SHBP), a cost-sharing, multiple-employer defined benefit post-employment healthcare plan administered by the State of New Jersey Division of Pensions and Benefits. 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. 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 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. In order to receive health benefits, retirees must have been enrolled in the pension system for 25 years. All active full time employees are covered by the SHBP.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 12. POST RETIREMENT HEALTH BENEFITS (CONT'D.)

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 www.state.nj.us/treasury/pensions/gasb-43-sept2008.pdf.

Funding Policy: Participating employers are contractually required to contribute based on the amount of premiums attributable to their retirees. Post-retirement medical benefits under the plan have been funded on a pay-as-you-go basis since 1994.

Cost sharing requirements for retirees are as follows:

1. Any eligible employee who was retired as of June 28, 2011 (the effective date of Ch. 78, P.L. 2011) is not required to contribute to the cost of benefits.
2. Active employees who had accrued 25 years of service at June 28, 2011 will not be required to contribute to the costs of benefits upon retirement.
3. Active employees who had accrued 20 years of service at June 28, 2011 will be required to contribute 1.5% of their retirement benefit towards the cost of post-retirement health benefits.
4. Active employees who had not accrued 20 years of service at June 28, 2011 will, upon retirement continue to pay the applicable percentage of health care costs as set forth in the law. However, retiree contributions will be based upon the retirement benefit rather than the final active salary.

The Borough of Dunellen contributions to SHBP for the year ended December 31, 2020 were \$161,028, which equaled the required contributions for the year. There were approximately 17 retired participants eligible at December 31, 2020.

Plan Description and Benefits Provided:

P.L. 1987, c.384 and P.L. 1990, c.6. required the Public Employees Retirement System (PERS) to fund post-retirement medical benefits for those members who retire after accumulating a minimum of 25 years of credited service or on a disability retirement. Pursuant to P.L. 2007, c.103, separate funds outside the pension plans were established for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees.

Coverage is provided at no cost to members of the PERS that had retired on a disability retirement or retired after accumulating 25 years of creditable service prior to June 28, 2011 and to those who had a minimum of 20 years of creditable service on June 28, 2011 and who subsequently retire after accumulating 25 years of credited service or on a disability retirement. Employees who had less than 20 years of creditable service on June 28, 2011 and subsequently retire after accumulating a minimum of 25 years of creditable service are required by Chapter 78, P.L. 2011 to contribute a percentage of the cost of their health care coverage in retirement. The percentage of the premium that will be the responsibility of the retiree is determined based upon the retiree's annual retirement benefit and level of coverage. Chapter 78 retirees opting for single will make contributions that escalate from 4.5% for annual retirement allowance under \$20,000 to 35.0% for annual retirement allowances exceeding \$110,000 per annum. Chapter 78 retirees opting for family coverage will range from 3.43% for annual retirement allowances under \$25,000 per annum to 35.0% for annual retirement allowances exceeding \$110,000 per annum.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 12: POST RETIREMENT HEALTH BENEFITS (CONT'D)

The below information has been obtained from the State of New Jersey State Health Benefits Local Government Retired Employees Plan audit at June 30, 2019 and is the latest available information as of December 31, 2020.

Total OPEB Liability

Special Funding Situation

The State of New Jersey's Total OPEB Liability for special funding situation was \$5,525,718,739 at June 30, 2019.

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

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

The special funding situation is not applicable to the Borough of Dunellen therefore no amount of the State's proportionate share of the net OPEB liability is attributable to the Borough.

Nonspecial Funding Situation:

The State of New Jersey's Total OPEB Liability for nonspecial funding situation was \$8,020,352,361 at June 30, 2019.

The amounts of the State's Non-employer OPEB Liability that are attributable to employees and retirees of the Borough of Dunellen was \$6,783,195 June 30, 2019. These allocated liabilities represent 0.050075% of the State's Total Non-employer OPEB Liability for June 30, 2019. There were a total of 56 plan members for 2019.

Components of Net OPEB Liability – The components of the collective net OPEB liability of the participating employers in the Plan, at June 30, 2019 is as follows:

	<u>2019</u>
Total OPEB Liability	\$13,819,244,582
Plan Fiduciary Net Position	<u>273,173,482</u>
Net OPEB Liability	<u>\$13,546,071,100</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.98%

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 12: POST RETIREMENT HEALTH BENEFITS (CONT'D)

Actuarial Assumptions and Other Inputs:

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 15.25%

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

* Salary increases are based on years of service within the respective plan.

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the Plan upon retirement.

Healthcare Trend Assumptions:

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate:

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 12: POST RETIREMENT HEALTH BENEFITS (CONT'D)

Sensitivity of the State's Net OPEB Liability to Changes in the Discount Rate:

The following presents the collective net OPEB liability of the participating employers as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the collective net OPEB 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:

	1% Decrease (2.50%)	At Discount Rate (3.50%)	1% Increase (4.50%)
Total Net OPEB Liability	\$15,662,704,137	\$13,546,071,100	\$11,826,026,995
Borough's Share	\$7,843,099	\$6,783,195	\$5,921,883

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trent Rate	1% Increase
Total Net OPEB Liability	\$11,431,214,644	\$13,546,071,100	\$16,243,926,531
Borough's Share	\$5,724,181	\$6,783,195	\$8,134,146

At June 30, 2019, the Borough reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Difference between expected and actual experience		\$1,983,671
Changes of assumptions		2,403,813
Changes in proportion		<u>1,939,911</u>
Net difference between projected and actual investment earnings on OPEB plan investments	<u>\$ 5,587</u>	
Total Borough of Dunellen's Share	<u>\$5,587</u>	<u>\$6,327,395</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ending</u>	<u>Amount</u>
2020	\$(1,054,120)
2021	(1,054,120)
2022	(1,054,603)
2023	(1,055,360)
2024	(1,055,948)
Thereafter	<u>(1,047,657)</u>
Total	<u>\$(6,321,808)</u>

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 12: POST RETIREMENT HEALTH BENEFITS (CONT'D)

Changes in the Total and Net Plan OPEB Liability

	2019
Total OPEB Liability - Beginning (Based on 6/30 Measurement Date)	\$ 15,981,103,227
Changes for the year:	
Service cost	666,574,660
Interest cost	636,082,461
Changes of Benefit terms	(1,903,958)
Difference between expected and actual experience	(1,399,921,930)
Changes in assumptions	(1,635,760,217)
Contributions: Member	43,249,952
Gross benefit payments	(470,179,613)
Net changes	(2,161,858,645)
Total OPEB Liability - Ending (Based on 6/30 Measurement Date)	<u>\$ 13,819,244,582</u>
Plan Fiduciary Net Position	
Contributions: Employer	\$ 346,415,056
Contributions: Non-Employer contributing entities	43,854,500
Contributions: Member	43,249,952
Net Investment income	4,826,936
Gross benefit payments	(470,179,613)
Administrative expenses	(9,478,435)
Other	
Net Change in Plan Fiduciary Net Position	<u>\$ (41,311,604)</u>
Plan Fiduciary Net Position (Beginning)	<u>\$ 314,485,086</u>
Plan Fiduciary Net Position (Ending)	<u>\$ 273,173,482</u>
Net OPEB Liability (Ending)	\$ 13,546,071,100
Plan Fiduciary Net Position as % of OPEB Liability	2.0%
Covered Employee Payroll	\$ 4,801,667,470
Net OPEB Liability as a Percentage of Payroll	282%

Note 13: DEFERRED COMPENSATION

The Borough has instituted a Deferred Compensation Plan pursuant to section 457 of the Internal Revenue Code and P.L. 1977, C. 381; P.L. 1978, C. 39; P.L. 1980, C. 78; and P.L. 1997, C. 116 of the Statutes of New Jersey. The Plan is an arrangement whereby a public employer may establish a plan and permit its employees to voluntarily authorize a portion of their current salary to be withheld and invested in one or more of the types of investments permitted under the governing regulations. The Borough has engaged a private contractor to administer the plan.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 14: GOVERNMENTAL FIXED ASSETS

The Borough's governmental fixed assets are reported as follows:

	Balance December 31, 2019	Increase	Decrease	Balance December 31, 2020
Land	\$ 829,500	\$ -	\$ -	\$ 829,500
Buildings and Improvements	1,142,300			1,142,300
Machinery and Equipment	1,804,036	258,852		2,062,888
Furniture and Fixtures	307,043	9,495		316,538
Vehicles	3,781,955			3,781,955
	<u>\$ 7,864,834</u>	<u>\$ 268,347</u>	<u>\$ -</u>	<u>\$ 8,133,181</u>

Note 15: UTILITY FIXED CAPITAL/RESERVE FOR AMORTIZATION

With the adoption of Ordinance 2012-13, the Borough of Dunellen created a Sanitary Sewer Utility Fund. As a result of the new utility, an estimated value for fixed capital/reserve for amortization was calculated using replacement value cost. The estimated amount was calculated at \$24,125,000.

Note 16: COMMITMENTS AND CONTINGENCIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are also subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2020, the Borough does not believe that any material liabilities will result from such audits.

Contractual Commitments

As of December 31, 2020, the Borough of Dunellen was a party to various construction contracts and commitments that totaled \$1,507,491. Columbia Park improvements with total commitments of \$241,898; Engineering services for Columbia Park with total commitments of \$38,126; Madison Avenue Improvements with total commitments of \$2,028; Culvert under Railroad with total commitments of \$3,849; Acquisition of Dispatch Equipment of \$24,702; Parking Lot Improvements of \$18,706; Streetscape Improvements with total commitments of \$126,341; Improvements to Roadways with total commitments of \$819, 500; Stormwater Improvements with total commitments of \$5,500 and Various Capital Improvements with total commitments of \$226,841.

Litigation

As at the date of this report, the Borough has litigation pending. There are a number of tort claim notices served on the Borough involving negligence litigation. These claims have been turned over to the Borough's insurance carrier and no determination as to the outcome of these matters can be made at this time.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

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

Note 17: LONG TERM TAX EXEMPTIONS

The Borough provides for long-term tax exemptions, as authorized and permitted by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Borough are predominately for affordable housing projects. Taxes abated include municipal, local school and county taxes. The Borough is required to remit five percent (5.00%) to the County for any payments received in lieu of taxes (PILOT payments). The Borough did not have any PILOT billings or taxes in 2020.

Note 18: SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the Borough issued Bond Anticipation Notes ("BAN's) dated April 8, 2021 with a maturity date of April 8, 2022. The BAN's were issued for \$6,032,000 with an interest rate of 1.50%. The BAN's consisted of \$5,310,000 General Capital BAN's, \$690,000 Sewer Utility Capital BAN's and \$32,000 Special Emergency BAN's. The Borough also issued Special Emergency Notes in the amount of \$118,000 with an interest rate of 0.75%

The Borough adopted bond ordinance 2021-02 on February 16, 2021 providing for improvements to Lincoln Avenue in the amount of \$1,400,000. Bonds and Notes Authorized Not Issued were in the amount of \$1,400,000.

The Borough adopted a bond ordinance 2021-05 on March 15, 2021 providing for improvements to various roadways and parking lot in the amount of \$540,000. Bonds and Notes Authorized Not Issued were in the amount of \$514,000.

The Borough adopted a bond ordinance 2021-06 on March 15, 2021 providing for the stabilization and restructuring of an embankment and retaining wall in the amount of \$420,000. Bonds and Notes Authorized Not Issued were in the amount of \$400,000.

The Borough adopted a bond ordinance 2021-16 on May 17, 2021 providing for various capital improvements in the amount of \$195,000. Bonds and Notes Authorized Not Issued were in the amount of \$185,700.

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY

PART II
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2020

Current Fund

**SCHEDULE OF CURRENT FUND CASH
AND INVESTMENTS - TREASURER**

	<u>REF.</u>		
Balance - December 31, 2019	A		\$ 2,802,352.25
Increased by Receipts:			
Due from State of N.J. - Ch. 73			
P.L. 1976	A- 7	32,391.10	
Taxes Receivable	A- 8	21,082,275.30	
Prepaid Taxes	A- 8	142,091.12	
Tax Overpayments	A- 8	6,888.62	
Revenue Accounts Receivable	A- 9	1,209,743.86	
Various Payables	A-12	140,589.44	
Various Reserves	A-12	42,431.04	
Interfunds Payable Received	A-14	9,134,968.20	
Special Emergency Note	A-15	81,000.00	
		<u>31,872,378.68</u>	
			34,674,730.93
Decreased by Disbursements:			
Budget Appropriations	A- 3	6,375,949.10	
CARES Act Appropriations	A- 3	24,561.53	
Appropriation Reserves	A-10	227,866.84	
Various Payables	A-12	179,363.95	
Various Reserves	A-12	44,532.33	
Local District School Tax	A-13	12,925,859.00	
County Taxes	A-13	2,332,856.90	
County Open Space Taxes	A-13	194,230.42	
County Added Taxes	A-13	2,233.22	
Interfunds Payable Disbursed	A-14	7,071,183.74	
Special Emergency Note	A-15	130,000.00	
		<u>29,508,637.03</u>	
Balance - December 31, 2020	A		<u>\$ 5,166,093.90</u>

SCHEDULE OF CURRENT CASH AND RECONCILIATION
PER N.J.S.A. 40A:5-5 - TREASURER

The reconciliation per compliance with N.J.S.A. 40A:5-5 are on file with the Chief Financial Officer of the Borough.

SCHEDULE OF CHANGE FUNDS - COLLECTOR
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2019	A	\$ 100.00
Balance - December 31, 2020	A	<u>\$ 100.00</u>

SCHEDULE OF DUE FROM STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS
PER CHAPTER 73, P.L. 1976

	<u>REF.</u>		
Balance - December 31, 2019	A		\$ 61,122.30
Increased by:			
Sr. Cit. & Veteran's Deds. Allowed per			
Tax Billings - 2020	A- 7	\$ 34,250.00	
2019 Sr. Citizen & Vet. Deduct. Allowed	A- 1	<u>141.10</u>	
			<u>34,391.10</u>
			95,513.40
Decreased by:			
Collection	A- 4	32,391.10	
2019 Sr. Citizen & Vet. Deduct. Disallowed	A- 1	<u>3,000.00</u>	
			<u>35,391.10</u>
Balance - December 31, 2020	A		<u><u>\$ 60,122.30</u></u>
<u>Analysis of Realized Revenues for 2020</u>			
Sr. Cit. & Veterans Deds. Allowed by:			
Per Tax Billings - 2020	A- 7		<u>\$ 34,250.00</u>
Amount Realized as Revenue - 2020	A-8		<u><u>\$ 34,250.00</u></u>

CURRENT FUND
SCHEDULE OF PROPERTY TAXES RECEIVABLE AND LEVY ANALYSIS

		Total	2021 Prepaid	2020 Current	2019 Delinquent	Arrears	Tax Overpayments	Tax Liens	Property Acquired for Taxes
Balance 12/31/2019.....	<u>Ref.</u> A	\$ 319,336.61		\$ (100,221.90)	\$ 319,443.64	\$ 9,305.46	\$ (42,913.24)	\$ 15,722.65	\$ 118,000.00
Billings / Levy:									
Original Levy.....	A-8	21,121,052.18		21,121,052.18					
Added & Omitted.....	A-8	28,551.11		28,551.11					
Year-end Penalty.....	A-8	4,222.13		4,222.13					
Canceled Taxes.....	A-8	(22,405.50)		(22,405.50)					
Revenue									
Sr.Citizens & Vets.....									
Original Levy.....	A-7	(34,250.00)		(34,250.00)					
Allowed/Disallowed.....	A-7	2,858.90			2,858.90				
Cash Receipts.....	A-4	(21,231,255.04)	(142,091.12)	(20,762,492.40)	(319,782.90)	(6,888.62)			
Balance 12/31/2020.....	A	<u>\$ 188,110.39</u>	<u>\$ (142,091.12)</u>	<u>\$ 234,455.62</u>	<u>\$ 2,519.64</u>	<u>\$ 9,305.46</u>	<u>\$ (49,801.86)</u>	<u>\$ 15,722.65</u>	<u>\$ 118,000.00</u>
	<u>Ref.</u>		A	A, A-7	A	A	A	A	A
<u>Analysis of 2020 Property Tax Levy:</u>									
<u>Tax Yield:</u>				Current					
General Purpose Tax		\$ 21,121,052.18		<u>Taxes Realized:</u>		<u>Ref.</u>			
Added Taxes		28,551.11		Sr. Citizens & Vets	A- 7, A- 8	\$ 34,250.00			
		<u>\$ 21,149,603.29</u>		Cash Receipts	A- 8	20,762,492.40			
				Prepayments	A- 8	<u>100,221.90</u>			
					A- 1	20,896,964.30			
<u>Tax Levy:</u>	<u>Ref.</u>			Res. For Uncoll. Tax	A- 3	<u>500,000.00</u>			
Local School District Tax	A-13	\$ 12,925,859.00				21,396,964.30			
County Tax	A-13	2,332,856.90							
County Open Space	A-13	194,230.42		Allocated to School	A-13	<u>(15,456,364.69)</u>			
Due County - Added & Omitted	A-13	<u>3,418.37</u>		and County	A- 2	<u>\$ 5,940,599.61</u>			
		15,456,364.69							
Local Tax for Municipal Purposes	A- 2	5,452,642.00							
Minimum Library Tax	A- 2	215,297.00							
Add: Additional Tax Levied		<u>25,299.60</u>							
		<u>\$ 21,149,603.29</u>							

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>REF.</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>ACCRUED</u> <u>2020</u>	<u>COLLECTED</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>
By Revenue Type:					
Miscellaneous Revenues:					
Alcoholic Beverages	A- 2	\$	\$ 5,616.00	\$ 5,616.00	\$
Licenses - Other	A- 2		11,380.00	11,380.00	
Fees and Permits	A- 2		18,932.20	18,932.20	
Municipal Court:				-	
Fines and Costs	A- 2	15,999.85	117,034.87	119,639.76	13,394.96
Interest and Costs on Taxes	A- 2		86,279.78	86,279.78	
Interest on Investments and Deposits	A- 2		39,935.95	39,935.95	
Cable TV Franchise Fees	A- 2		23,664.00	23,664.00	
Supplemental Energy Receipts Tax	A- 2		4,674.00	4,674.00	
Energy Receipts Tax	A- 2		598,280.00	598,280.00	
Uniform Construction Code Fees	A- 2		112,354.00	112,354.00	
Parking Authority Contribution	A- 2		60,500.00	60,500.00	
Redevelopment Agreement - Art Color	A- 2		99,596.13	99,596.13	
CARES Act	A-3		24,561.53	13,156.58	11,404.95
Miscellaneous Revenue Not Anticipated:					
Culver Media/Bus Stops	A- 2		729.84	729.84	
Division of Motor Vehicle Inspection Fines	A- 2		2,240.00	2,240.00	
Insurance Refunds	A- 2		600.00	600.00	
Miscellaneous	A- 2		604.72	604.72	
PY Approp Refunds	A- 2		6,103.36	6,103.36	
Restitution	A- 2		100.00	100.00	
Return Check Fee	A- 2		25.00	25.00	
Sr. Citizens & Vet. Admin. Fee	A- 2		647.82	647.82	
Scrap Metal amd Recycled Goods	A- 2		2,394.72	2,394.72	
Tax Search Fees	A- 2		90.00	90.00	
Towing Fees	A- 2		2,200.00	2,200.00	
		<u>\$ 15,999.85</u>	<u>\$ 1,218,543.92</u>	<u>\$ 1,209,743.86</u>	<u>\$ 24,799.91</u>
	<u>Ref.</u>	A	Reserve	A- 4	A

SCHEDULE OF 2019 APPROPRIATION RESERVES

Exhibit - A-10
Page 1 of 5

	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>DEC. 31, 2019</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>Operations Within "CAPS"</u>					
Administrative and Executive					
Salaries and Wages	\$ 198.38	\$	\$ 198.38	\$	\$ 198.38
Miscellaneous Other Expenses	123.84	353.85	477.69	353.85	123.84
Borough Clerk					
Salaries and Wages	198.50		198.50		198.50
Other Expenses	294.85	584.13	878.98	872.32	6.66
Legal Advertising	233.28	36.12	369.40	364.84	4.56
Elections					
Other Expenses	363.48		363.48		363.48
Financial Administration					
Salaries and Wages	414.43		414.43		414.43
Other Expenses	1,870.21		3,570.21	3,540.49	29.72
Annual Audit	1,443.46	34,256.54	34,000.00	31,000.00	3,000.00
Mayor and Council					
Salaries and Wages	0.20		0.20		0.20
Other Expenses	25.00	175.00	400.00	356.99	43.01
Assessment of Taxes					
Salaries and Wages	793.07		793.07	692.00	101.07
Other Expenses	216.82	431.98	648.80	430.78	218.02
Collection of Taxes					
Salaries and Wages	589.02		989.02	952.50	36.52
Other Expenses	50.10	4,032.27	4,082.37	1,823.92	2,258.45
Legal Services and Costs					
Salaries and Wages	183.86		183.86		183.86
Other Expenses	19.09	2,800.00	3,519.09	3,500.00	19.09
Municipal Prosecutor					
Salaries and Wages	244.64		244.64		244.64
Engineering Services and Costs					
Other Expenses	409.00		409.00		409.00
Postage	6.04	400.00	406.04	400.00	6.04
Public Buildings and Grounds					
Salaries and Wages	158.00		158.00		158.00
Miscellaneous Other Expenses	1,379.65	5,434.66	6,814.31	3,682.22	3,132.09

SCHEDULE OF 2019 APPROPRIATION RESERVES

Exhibit - A-10
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	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>DEC. 31, 2019</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Municipal Land Use Law (NJSA 40:55D)					
Planning Board					
Salaries and Wages	\$ 125.00	\$	\$ 125.00	\$	\$ 125.00
Other Expenses	125.48	492.50	1,067.98	1,027.50	40.48
Municipal Court					
Salaries and Wages	227.64	112.50	340.14	112.50	227.64
Other Expenses	54.66	612.70	2,467.36	2,445.62	21.74
Public Defender					
Salaries and Wages	500.00		500.00		500.00
Information Technology					
Other Expenses	4,125.36	3,064.05	6,189.41	5,064.05	1,125.36
<u>PUBLIC SAFETY:</u>					
Fire					
Other Expenses:					
Fire Hydrant Service	290.03	6,249.48	6,539.51	6,249.48	290.03
Miscellaneous Other Expenses	7,882.11	12,515.69	16,947.80	14,828.58	2,119.22
Police					
Salaries and Wages:					
Regular	10,108.13		2,108.13	1,115.15	992.98
Overtime	98.30		1,198.30	1,099.43	98.87
Other Expenses:					
Misc. Other Expenses	21.98	14,398.78	15,920.76	15,790.59	130.17
School Crossing Guards					
Salaries and Wages	3,815.37		3,815.37	3,185.68	629.69
Emergency Management Services					
Salaries and Wages	20.02		20.02		20.02
Other Expenses	1,000.00		1,000.00		1,000.00
Emergency Vehicle Leases					
Other Expenses	12,721.35		12,721.35	12,447.02	274.33

SCHEDULE OF 2019 APPROPRIATION RESERVES

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	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>DEC. 31, 2019</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>STREETS AND ROADS:</u>					
Road Repairs and Maintenance					
Salaries and Wages	\$ 19.06	\$	\$ 1,919.06	\$ 1,848.29	\$ 70.77
Other Expenses					
Misc. Other Expenses	3,909.67	3,087.72	3,997.39	3,262.50	734.89
Tree Maintenance					
Other Expenses	7,851.42	7,578.48	8,429.90	7,578.48	851.42
Shade Trees					
Other Expenses	130.50	586.00	716.50	586.00	130.50
Transit Village					
Other Expenses	0.20		0.20		0.20
<u>SANITATION:</u>					
Landfill/Solid Waste Disposal Costs					
Other Expenses	2,337.11	2,169.44	3,506.55	2,169.44	1,337.11
<u>HEALTH AND WELFARE:</u>					
Board of Health					
Salaries and Wages	47.50		47.50		47.50
Other Expenses	526.37	4.89	531.26	4.89	526.37
Green Brook Flood Control Commission					
Share of Cost	87.94		87.94		87.94
Insurance					
General Liability	96.67		96.67		96.67
Employee Group Health	233.63	100.00	333.63	100.00	233.63
Reserve for Tax Appeals	1,000.00		1,000.00	1,000.00	

SCHEDULE OF 2019 APPROPRIATION RESERVES

Exhibit - A-10
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	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>DEC. 31, 2019</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
<u>RECREATION AND EDUCATION:</u>					
Recreation Commission					
Salaries and Wages	\$ 6,094.80	\$	\$ 4,294.80	\$	\$ 4,294.80
Other Expenses	2,375.14	1,131.34	2,506.48	1,518.05	988.43
Senior Citizens Activities					
Other Expenses:					
Misc. Other Expenses	553.66		553.66		553.66
Arts Commission					
Other Expenses	500.00		500.00		500.00
Construction Code Official					
Salaries and Wages	1,235.57		2,035.57	2,024.57	11.00
Other Expenses	548.20	392.30	940.50	568.28	372.22
<u>UNCLASSIFIED</u>					
Telephone	455.05	382.48	1,137.53	1,101.11	36.42
Water	1,076.27	320.73	1,397.00	901.29	495.71
Gasoline	1,446.11	6,608.44	13,654.55	13,603.91	50.64
Natural Gas and Electricity	11,696.54	15,096.45	33,292.99	31,461.61	1,831.38
Total Operations Within "CAPS"	<u>92,551.76</u>	<u>123,408.52</u>	<u>211,060.28</u>	<u>179,063.93</u>	<u>31,996.35</u>
Contingent	<u>1,500.00</u>		<u>1,500.00</u>		<u>1,500.00</u>
Total Operations Including Contingent Within "CAPS"	<u>94,051.76</u>	<u>123,408.52</u>	<u>212,560.28</u>	<u>179,063.93</u>	<u>33,496.35</u>

SCHEDULE OF 2019 APPROPRIATION RESERVES

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	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>RESERVE FOR</u> <u>ENCUMBRANCES</u> <u>DEC. 31, 2019</u>	<u>BALANCE AFTER</u> <u>MODIFICATION</u>	<u>PAID OR</u> <u>CHARGED</u>	<u>BALANCE</u> <u>LAPSED</u>
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 6,034.74	\$	\$ 10,934.74	\$ 9,756.00	\$ 1,178.74
Defined Contribution Retirement Plan	498.21		498.21		498.21
Unemployment Compensation Ins.	1,000.00		1,000.00		1,000.00
Total Deferred Charges and Statutory Expenditures Municipal Within "CAPS"	7,532.95		12,432.95	9,756.00	2,676.95
Total General Appropriations for Municipal Purposes Within "CAPS"	101,584.71	123,408.52	224,993.23	188,819.93	36,173.30
<u>Operations Excluded from "CAPS"</u>					
Maintenance of Free Public Library	26,781.33		26,781.33	26,781.33	
Intergovernmental - County of Middlesex					
Recycling - Other Expenses	8,865.80	29,087.06	37,952.86	35,502.80	2,450.06
Health Services - Other Expenses	485.58		485.58		485.58
Dispatch Services - Other Expenses	904.00		904.00		904.00
Total Operations - Excluded from "CAPS"	37,036.71	29,087.06	66,123.77	62,284.13	3,839.64
Total General Appropriations	\$ 138,621.42	\$ 152,495.58	\$ 291,117.00	\$ 251,104.06	\$ 40,012.94
<u>Ref.</u>	A	A-11			A-1
Accounts Payable	A-12			\$ 22,237.22	
Reserve for Tax Appeals	A-12			1,000.00	
Disbursed	A-4			227,866.84	
				\$ 251,104.06	

SCHEDULE OF RESERVE FOR ENCUMBRANCES
CURRENT FUND AND GRANT FUND

	<u>REF.</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>
Balance - December 31, 2019	A	\$ 152,495.58	\$ 6,463.87
Increased by:			
Transferred from Budget Appropriations	A-3,A-19	<u>114,496.69</u>	<u>7,847.63</u>
		266,992.27	14,311.50
Decreased by:			
Transferred to Approp. Reserves	A-10,A-19	<u>152,495.58</u>	<u>6,463.87</u>
Balance - December 31, 2020	A	<u><u>\$ 114,496.69</u></u>	<u><u>\$ 7,847.63</u></u>

CURRENT FUND
SCHEDULE OF CHANGES IN VARIOUS ACCOUNTS PAYABLES & RESERVES

	Balance Dec. 31, 2019	Transfer from/(to) Budget	Cash Receipts	Cash Disbursements	Transfer from Approp. Reserves	Canceled	Balance Dec. 31, 2020
Accounts Payable:							
Due to State of NJ - Building Code Fees	\$ 5,701.00	\$ -	\$ 13,592.00	\$ 15,502.00	\$ -	\$ -	\$ 3,791.00
Due to State of NJ - Marriage License Fees	315.00		1,035.00	1,100.00			250.00
Payroll Deductions Payable	59,760.80		125,262.44	133,022.09			52,001.15
Vendor Accounts Payable	55,855.00		700.00	29,739.86	22,237.22	14,713.00	34,339.36
Subtotal	121,631.80	-	140,589.44	179,363.95	22,237.22	14,713.00	90,381.51
Reserve for:							
Preparation of Tax Map	9,061.88						9,061.88
Fire Prevention Fees	5,312.10						5,312.10
Insurance Proceeds	3,647.84			3,647.84			-
Sale of Municipal Assets	3,790.07						3,790.07
Tax Appeals	1,995.15	1,000.00			1,000.00		3,995.15
Third Party Lien Redemptions	14,973.24		42,431.04	40,884.49			16,519.79
Revaluation	9,342.50						9,342.50
Subtotal	48,122.78	1,000.00	42,431.04	44,532.33	1,000.00	-	48,021.49
Total.....	\$ 169,754.58	\$ 1,000.00	\$ 183,020.48	\$ 223,896.28	\$ 23,237.22	\$ 14,713.00	\$ 138,403.00
Ref.	A	A-3	A- 4	A-4	A-10	A-1	A

SCHEDULE OF TAXES PAYABLE
CURRENT FUND

	December 31, <u>2019</u>	2020 <u>Levy</u>	Cash <u>Disbursements</u>	December 31, <u>2020</u>
County - General	\$ -	\$ 2,332,856.90	\$ 2,332,856.90	\$ -
County - Open Space		194,230.42	194,230.42	
County - Added & Omitted	2,233.22	3,418.37	2,233.22	3,418.37
Local District School Tax		12,925,859.00	12,925,859.00	
	<u>\$ 2,233.22</u>	<u>\$ 15,456,364.69</u>	<u>\$ 15,455,179.54</u>	<u>\$ 3,418.37</u>
<u>REF.</u>	A		A-4	A
County	A-1,A-2,A-8	\$ 2,530,505.69		
Local District School Tax	A-1,A-2,A-8	12,925,859.00		
		<u>\$ 15,456,364.69</u>		

SCHEDULE OF INTERFUNDS (DUE FROM)/DUE TO
CURRENT FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>GRANT FUND</u>	<u>ANIMAL CONTROL FUND</u>	<u>OTHER TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER UTILITY OPERATING FUND</u>	<u>SEWER UTILITY CAPITAL FUND</u>
Balance - December 31, 2019								
Interfund Receivable - Due from	A	\$ 52,351.98	\$ 52,351.98	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payable - Due to	A	1,805,088.45		4,657.00	273,275.88	810,669.15	642,710.58	73,775.84
Increased by:								
Interfund Loans Received	A-4	7,156,599.23		2,980.00	727,189.60	4,906,700.00	1,011,729.63	508,000.00
Interfund Loans Disbursed	A-4	40,695.83	40,695.83					
General Capital Fund Grants Received in Current Fund	A-4	1,900,000.00				1,900,000.00		
State & Federal Grants Appropriations Cancelled	A-1	35,171.53	35,171.53					
State & Federal Grants Realized as 2020 Budget Revenue	A-2	106,825.29	106,825.29					
Payment of Bond Anticipation Notes and Capital Notes	A-3	94,300.00				94,300.00		
2020 Budget Appropriations - Cap. Improv. Fund	A-3	25,000.00				25,000.00		
Deferred Charges to Future Taxation-Unfunded	A-3	1,000.00				1,000.00		
		<u>11,217,032.31</u>	<u>235,044.63</u>	<u>7,637.00</u>	<u>1,000,465.48</u>	<u>7,737,669.15</u>	<u>1,654,440.21</u>	<u>581,775.84</u>
Decreased by:								
Interfund Loans Received	A-4	78,368.97	78,368.97					
Interfund Loans Disbursed	A-4	4,199,953.81		2,970.67	318,160.02	2,567,000.00	958,823.12	353,000.00
Improvement Authorizations Paid by Current Fund	A-4	2,830,534.10				2,777,043.10		53,491.00
State & Federal Grants Receivable. Cancelled	A-1	14,381.53	14,381.53					
2020 State & Fed. Grants Budget Appropriations	A-3	110,925.29	110,925.29					
		<u>7,234,163.70</u>	<u>203,675.79</u>	<u>2,970.67</u>	<u>318,160.02</u>	<u>5,344,043.10</u>	<u>958,823.12</u>	<u>406,491.00</u>
Balance - December 31, 2020								
Interfund Receivable - Due from	A	\$ 31,368.84	\$ 31,368.84	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payable - Due to	A	3,951,499.77		4,666.33	682,305.46	2,393,626.05	695,617.09	175,284.84
		<u>\$ 3,982,868.61</u>	<u>\$ 31,368.84</u>	<u>\$ 4,666.33</u>	<u>\$ 682,305.46</u>	<u>\$ 2,393,626.05</u>	<u>\$ 695,617.09</u>	<u>\$ 175,284.84</u>

SCHEDULE OF SPECIAL EMERGENCY NOTE
CURRENT FUND

	<u>REF.</u>	
Balance - December 31, 2019	A	\$ 130,000.00
Increased by:		
Cash Received	A- 4	<u>81,000.00</u>
		211,000.00
Decreased by:		
Cash Disbursed	A- 4	<u>130,000.00</u>
Balance - December 31, 2020	A	<u><u>\$ 81,000.00</u></u>

SCHEDULE OF DEFERRED CHARGES

	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>AMOUNT</u> <u>RESULTING</u> <u>IN 2020</u>	<u>RAISED IN</u> <u>2020 BUDGET</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>
Special Emergency:				
Tax Maps	\$ 34,000.00	\$ -	\$ 17,000.00	\$ 17,000.00
Revaluation	96,000.00		32,000.00	64,000.00
COVID-19 Deficit in Revenues		118,032.09		118,032.09
	<u>\$ 130,000.00</u>	<u>\$ 118,032.09</u>	<u>\$ 49,000.00</u>	<u>\$ 199,032.09</u>
<u>Ref.</u>	A	A-1	A-3	A

SCHEDULE OF STATE AND FEDERAL GRANTS RECEIVABLE
GRANT FUND

GRANTS	BALANCE DEC. 31, 2019	2020 BUDGET REVENUE REALIZED	N.J.S.A. 40A:4-87	COLLECTED 2020	TRANS. FROM STATE & FED. GRANTS UNAPPROP.	TRANSFERRED/ CANCELLED	BALANCE DEC. 31, 2020
County of Middlesex- CDBG (12-13)	\$ 88.10	\$	\$	\$	\$	\$	\$ 88.10
County of Middlesex- CDBG (16-17)	8,518.00						8,518.00
County of Middlesex- CDBG (17-18)	31,056.39						31,056.39
County of Middlesex- CDBG (18-19)	86,518.00						86,518.00
County of Middlesex- CDBG (19-20)		44,772.00					44,772.00
Aggressive Driving Grant		1,842.50	15,620.00	15,620.00	1,842.50		-
Alcohol Education and Rehabilitation Fund			2,583.97	2,583.97			-
Body Armor Grant		1,926.89		1,926.89			-
Bullet Proof Vest Partnership		1,197.96			1,197.96		-
Clean Communities Program			11,273.63	11,273.63			-
Community Forestry Management Plan	30,000.00			27,000.00			3,000.00
Municipal Alliance on Alcohol and Drug Abuse	2,068.25					2,068.25	-
Municipal Alliance on Alcohol and Drug Abuse	5.80					5.80	-
Municipal Alliance on Alcohol and Drug Abuse - 17	17.53					17.53	-
Municipal Alliance on Alcohol and Drug Abuse - 18	14.95					14.95	-
Municipal Alliance on Alcohol and Drug Abuse - 19	12,275.00					12,275.00	-
Municipal Alliance on Alcohol and Drug Abuse - 20		14,174.00		6,530.14			7,643.86
NJ DOT Washington Avenue Streetscape Enhancements	300,000.00						300,000.00
Solid Waste Admin - Recycling Tonnage Grant	-	13,434.34		13,434.34			-
	<u>\$ 470,562.02</u>	<u>\$ 77,347.69</u>	<u>\$ 29,477.60</u>	<u>\$ 78,368.97</u>	<u>\$ 3,040.46</u>	<u>\$ 14,381.53</u>	<u>\$ 481,596.35</u>
<u>Ref.</u>	A	A-18	A-18	A-18	A-20	A-18	A

SCHEDULE OF DUE TO CURRENT FUND
GRANT FUND

	<u>REF.</u>		
Balance - December 31, 2019	A		\$ 52,351.98
Increased by:			
State & Federal Grants Realized			
as 2020 Budget Revenue	A-17	\$ 106,825.29	
State & Federal Grants Appr. Cancelled	A-19	35,171.53	
State & Federal Grants Approp. & Unapprop.			
Expend. Paid by Current Fund	A-19	<u>40,695.83</u>	
			<u>182,692.65</u>
			235,044.63
Decreased by:			
State & Federal Grants Approp. -			
Transferred from 2020 Budget	A-19	110,925.29	
State & Federal Grants Receivable. Cancelled	A-17	14,381.53	
Current Fund Collections:			
State & Federal Grants Received	A-17	<u>78,368.97</u>	
			<u>203,675.79</u>
Balance - December 31, 2020	A		<u><u>\$ 31,368.84</u></u>

SCHEDULE OF STATE AND FEDERAL GRANT APPROPRIATED
GRANT FUND

<u>Grant</u>	Balance December 31, 2019	Transferred from 2020 Budget Appropriations	Appropriation by 40A:4-87	Reserve for Encumbrances 2019	Paid or Charged	Reserve for Encumbrances 2020	Transferred/ Cancelled	Balance December 31, 2020
SFY 2009								
Alcohol Education Rehabilitation Fund	\$ 3,995.71	\$	\$	\$	\$	\$	\$	\$ 3,995.71
CY 2011								
Alcohol Education Rehabilitation Fund	4,769.56							4,769.56
CY 2012								
Alcohol Education Rehabilitation Fund	3,129.86							3,129.86
CY 2013								
Alcohol Education and Rehabilitation Fund	738.85							738.85
CY 2014								
Alcohol Education and Rehabilitation Fund	1,949.64							1,949.64
NJ DOT Washington Avenue Streetscape Enhancements	299,969.47							299,969.47
NJ EDA Hazardous Site Remediation Fund Municipal Grant Prog	18.42						18.42	-
CY 2015								
Alcohol Education and Rehabilitation Fund	1,355.46							1,355.46
Pedestrian Safety Grant	37.18						37.18	-
CY 2016								
Alcohol Education and Rehabilitation Fund	1,933.81							1,933.81
CY 2017								
Alcohol Education and Rehabilitation Fund	1,222.46							1,222.46
Clean Communities Program				1,360.00		1,360.00		-
Drunk Driving Enforcement Fund	501.71				499.91			1.80
NJ EDA Hazardous Discharge (Strip Joint)	41.28						41.28	-
Municipal Alliance - Matching Funds	13.35						13.35	-
Solid Waste Administration - Recycling Tonnage Grant	3,664.53			131.25			3,795.78	-
CY 2018								
Clean Communities Program	6,165.07			2,303.91	6,081.37			2,387.61
Municipal Alliance on Alcohol and Drug Abuse - 17	17.53						17.53	-
Municipal Alliance on Alcohol and Drug Abuse - 18	14.95						14.95	-
Municipal Alliance - Matching Funds	31.25						31.25	-
Municipal Alliance on Alcohol and Drug Abuse	5.80			590.00	590.00		5.80	-
Solid Waste Administration - Recycling Tonnage Grant	696.38			505.21	1,201.59			-
CY 2019								
Body Armor Grant	1,955.98							1,955.98
Clean Communities Program	12,502.59				159.87			12,342.72
AARP Community Challenge Grant	707.46				625.45			82.01
Drunk Driving Enforcement Fund	5,003.71				4,953.87			49.84
Municipal Alliance on Alcohol and Drug Abuse	7,827.13			1,545.00	3,546.47		5,825.66	-
Municipal Alliance - Matching Funds	3,100.00				2,781.17		318.83	-
Pedestrian Safety Grant	2,530.00						2,530.00	-
Solid Waste Administration - Recycling Tonnage Grant	3,826.76			28.50	652.56	1,068.50		2,134.20

SCHEDULE OF STATE AND FEDERAL GRANT APPROPRIATED
GRANT FUND

	<u>Grant</u>	Balance December 31, 2019	Transferred from 2020 Budget Appropriations	Appropriation by 40A:4-87	Reserve for Encumbrances 2019	Paid or Charged	Reserve for Encumbrances 2020	Transferred/ Cancelled	Balance December 31, 2020
CY 2020									
	Aggressive Driving Grant	\$	\$ 1,842.50	\$ 15,620.00	\$	\$ 11,715.00	\$	\$ 5,747.50	\$ -
	Alcohol Education and Rehabilitation Fund			2,583.97					2,583.97
	Body Armor Grant		1,926.89						1,926.89
	Bullet Proof Vest Partnership		1,197.96						1,197.96
	Clean Communities Program			11,273.63					11,273.63
	Matching Funds for Grants		550.00					550.00	-
	Municipal Alliance - Matching Funds		3,550.00			75.00	150.00	3,025.00	300.00
	Municipal Alliance on Alcohol and Drug Abuse		14,174.00			300.00	225.00	13,199.00	450.00
	Solid Waste Administration - Recycling Tonnage Grant		13,434.34						13,434.34
CDBG									
2012/13:									
	Senior Citizen/Disabled Transport	88.10							88.10
2016/17:									
	Park Improvements	8,518.00							8,518.00
2017/18:									
	Senior Center Van Driver	1,337.71				1,337.71			-
	Park Improvements	8,518.00							8,518.00
2018/19:									
	Senior Center Van Driver	8,000.00				6,175.86			1,824.14
	Tree Planting	3,000.00					3,000.00		-
	Park Improvements	11,518.00					2,044.13		9,473.87
2019/2020									
CDBG			44,772.00						44,772.00
		\$ 408,705.71	\$ 81,447.69	\$ 29,477.60	\$ 6,463.87	\$ 40,695.83	\$ 7,847.63	\$ 35,171.53	\$ 442,379.88
<u>Ref.</u>		A	A-18	A-18	A-11	A-18	A-11	A-18	A

SCHEDULE OF STATE AND FEDERAL GRANTS
UNAPPROPRIATED
GRANT FUND

<u>GRANT</u>	BALANCE <u>DEC. 31, 2019</u>	TRANSFERRED TO 2020 BUDGET AS <u>REVENUE</u>	BALANCE <u>DEC. 31, 2020</u>
Aggressive Driving Grant	\$ 1,842.50	\$ 1,842.50	\$ -
Bulletproof Vest	<u>1,197.96</u>	<u>1,197.96</u>	<u>-</u>
	<u>\$ 3,040.46</u>	<u>\$ 3,040.46</u>	<u>\$ -</u>
<u>Ref.</u>	A	A-17	A

Trust Fund

TRUST FUNDS
SCHEDULE OF CASH AND RESERVE ACTIVITY

	Balance 12/31/19	Cash Receipts	Disbursements	Balance 12/31/20
Animal Control:				
Due from Current Fund.....	\$ (4,657.00)	\$ 2,970.67	\$ 2,980.00	\$ (4,666.33)
Due to NJ - State License Fees.....	-	403.80	403.80	-
Animal Control Reserves.....	4,657.00	2,576.20	2,566.87	4,666.33
Total	-	5,950.67	5,950.67	-
Other Trust Fund:				
Due from General Capital Fund.....	(100,000.00)			(100,000.00)
Due from Current Fund.....	(273,275.88)	318,156.02	727,185.60	(682,305.46)
Various Reserves:				
Affordable Housing.....	2,073.14	19.51		2,092.65
D.A.R.E.	2,109.42			2,109.42
Downtown Management Organization.....	11,130.23	3,931.70	9,838.23	5,223.70
Dunellen Arts & Cultural Commission.....	2,394.81	5,362.00	1,747.55	6,009.26
Dunellen Reporter.....	264.29			264.29
F.E.M.A.....	361.33			361.33
Fire Dedicated Penalties Account.....	13,311.92			13,311.92
Fire Prevention Fees.....	4,361.03			4,361.03
Law Enforcement Trust Fund.....	16,875.86	193.60		17,069.46
Maurer House.....	52,305.06		17,929.23	34,375.83
Municipal Alliance Donations.....	1,950.00	150.00	575.42	1,524.58
Off Duty Police.....	34,937.25	184,915.90	218,545.15	1,308.00
OEM Donations.....		200.00		200.00
Performance Bonds.....	1,000.00			1,000.00
Planning Board Escrow.....				
Engineering Inspection (0820)	3,785.27	230,655.43	74,488.00	159,952.70
Planning Board Escrow (9681)	37,749.69	322,949.90	276,502.15	84,197.44
Planning Board Escrow (7133)	21,859.04	316,658.08		338,517.12
Planning Board Escrow (3105)	12,933.67	121.67		13,055.34
POAA.....	4,365.78	212.00	179.88	4,397.90
Premium on Third Party Tax Sale.....	190,500.00	484,800.00	20,600.00	654,700.00
Public Defender.....	(965.59)	4,275.00	3,233.00	76.41
Recreation Trust.....	17,833.75	42,189.00	44,007.56	16,015.19
Recreation Assistance Program.....	5,000.00	1,150.00	1,500.00	4,650.00
Recycling funds.....	1,238.70			1,238.70
Road Opening Deposits.....	200.00			200.00
Shade Tree Escrow.....	3,553.51			3,553.51
Snow Emergency.....	8,997.39			8,997.39
State Firearms Registration Fees.....	427.00			427.00
Street Lighting.....	18,000.00			18,000.00
Unemployment compensation insurance fund...	13,425.32	5,229.52	201.46	18,453.38
Total	108,701.99	1,921,169.33	1,396,533.23	633,338.09
Public Assistance:				
Reserves for Expenditures.....	3,351.00	31.55		3,382.55
Total	3,351.00	31.55	-	3,382.55
Total	\$ 112,052.99	\$ 1,927,151.55	\$ 1,402,483.90	\$ 636,720.64

Ref.

B

B

DOG LICENSE FEES COLLECTED

<u>YEAR</u>	<u>AMOUNT</u>
2018	\$2,673.60
2019	2,510.20
	<u>\$5,183.80</u>

Note: R.S. 4:19.11

" there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding."

General Capital Fund

ANALYSIS OF GENERAL CAPITAL FUND
CASH AND INVESTMENTS

Exhibit - C-2

	BALANCE DEC. 31, 2019	BALANCE DEC. 31, 2020
Fund Balance	\$ 37,183.91	\$ 37,183.91
Capital Improvement Fund	53,883.05	33,883.05
Reserve for Payment of Future Debt Service	1,081.36	1,081.36
Reserve for Encumbrances Payable	2,828,020.08	1,507,490.80
N.J. D.O.T. Grants Receivable/Reserve	(1,011,605.76)	(1,428,605.76)
Due to Trust Fund	100,000.00	100,000.00
Due to/(from) Current Fund	(810,669.15)	(2,393,626.05)
Deferred Charges		(20,000.00)
Excess BAN Proceeds		900,000.00

Improvement Authorizations:

ORD. NO. IMPROVEMENT DESCRIPTION

01-09/	Sanitary Sewer/ Pump Station		
02-01	Improvements (Amended)	(3,592.84)	(2,592.84)
04-06	Sanford Ave. Improvements- NJ DOT		
04-07	Improvement to Streetscape	7,555.67	7,555.67
05-10	Dunellen Redevelopment Project	(3,810.07)	(3,810.07)
05-12	Resurfacing of Whittier Avenue	(4,897.05)	(4,897.05)
05-20	Emergency equipment	(264.80)	(264.80)
05-21	Supplemental Appropriation - Columbia Park	155,228.12	155,228.12
06-12/	Construct Culvert under Railroad	854,380.53	850,324.53
17-04	Construct Culvert under Railroad	(1,200.00)	(1,200.00)
06-18	Supplemental Appropriation - Sanitary Sewer	9,456.10	9,456.10
06-25	Acquisition of Equipment	(585.43)	(585.43)
07-02	Various Capital Improvements	(2,116.59)	(2,116.59)
07-15	McCoy Park Improvements	(313.29)	(313.29)
07-18	West 4th Street Improvements	(1,106.06)	(1,106.06)
07-21	Boiler Replacement in Municipal Building	(798.81)	(798.81)
08-07	First Street Phase II Improvements	(612.72)	(612.72)
08-08B	Manhole Covers	(548.07)	(548.07)
08-17	McCoy Park Improvements - Amended	(427.25)	(427.25)
08-22C	Diesel Mason Dump Truck	(540.03)	(540.03)
09-10	Acquisition of Property	(2,091.00)	(2,091.00)
09-14	Streetscape Improvements	(250.00)	(250.00)
11-11	Improvements to Dunellen Avenue	(6,511.90)	(6,511.90)
12-11	Various Capital Improvements	73,772.73	73,772.73
12-16	Improvements to Dunellen Avenue - Phase II	(7,646.75)	(7,646.75)
13-07	Various Capital Improvements	47,927.40	47,927.40
14-03	Various General Improvements	(1,848.09)	(1,848.09)
15-05	Improvements to Madison Avenue	2,573.62	2,573.62
15-06	Streetscape Improvements - Washington Ave and North Ave	(159,584.52)	(39,584.52)
15-07	Acquisition of a Fire Pumper	(24.23)	(24.23)
15-08	Various Capital Improvements	21,782.11	21,782.11
15-10	Acquisition of Dispatch Equipment	39,391.72	39,391.72
16-11	Various Capital Improvements	37,519.98	37,519.98
16-12	Parking Lot Improvements	7,612.69	7,612.69
18-02	Prospect Avenue Roadway Improvements	(1,528.30)	(1,528.30)
18-06	Various Capital Improvements	(231,447.00)	68,569.00
18-10	Repaving of Madison & Prospect Avenues	122,677.77	122,677.77
18-16	Engineering Services for Columbia Park	(61,023.26)	7,976.74
19-07	Columbia Park Improvements	(1,947,404.50)	34,468.83
19-12	Grove Street Roadway Improvements	(683.42)	4,434.93
19-14	Acquisition of Police Equipment	(136,915.95)	(9,893.46)
20-02	Various Capital Improvements		(163,668.24)
20-03	Improvements to South Madison Avenue		17,880.25
20-12	Stormwater Jackson/3rd Madison/MtnVw		6,300.00
		<u>\$ -</u>	<u>\$ -</u>

Ref

C

C

SCHEDULE OF DUE FROM VARIOUS GRANTOR AGENCIES
GRANTS RECEIVABLE
GENERAL CAPITAL FUND

	Ordinance Number	Balance December 31, 2019	Increases	Decreases	Balance December 31, 2020
Receivables:					
Sanford Ave. Improvements- NJ DOT	04-06	\$ 19,747.07	\$ -	\$ 19,747.07	\$ -
Streetscape Improvements - NJ DOT	04-07	13,826.06		252.93	13,573.13
Resurfacing of Whittier Ave	05-12	42,181.95			42,181.95
Construct Culvert under Railroad	06-12	759,480.23			759,480.23
First Street Phase II Improvements	08-07	51,948.12			51,948.12
Front Street - NJ DOT	09-04	24,261.55			24,261.55
Fairview Avenue - NJ DOT	10-10	50,388.78			50,388.78
Improvements to Dunellen Avenue	11-11	48,748.12			48,748.12
Improvements to Madison Avenue	15-05	148,904.96			148,904.96
Streetscape Improvements - Washington Ave - NJ DOT	15-06	123,948.13			123,948.13
Streetscape Improvements - North Ave - NJ DOT	15-06	100,000.00			100,000.00
Middlesex County Improvement Authority		1,023.88			1,023.88
Prospect Avenue - NJ DOT	18-02	65,500.00			65,500.00
Columbia Park Improvements - County of Middlesex	19-07	1,400,000.00		1,400,000.00	-
Columbia Park Improvements - Dunellen School District	19-07	500,000.00		500,000.00	-
Grove Street Roadway Improvements	19-12	225,000.00			225,000.00
South Madison Avenue Roadway			583,316.00		583,316.00
		<u>\$ 3,574,958.85</u>	<u>\$ 583,316.00</u>	<u>\$ 1,920,000.00</u>	<u>\$ 2,238,274.85</u>
	<u>Ref.</u>	C			C
Improvements Authorizations	C-8		\$ 437,000.00		
Reserve for Grants Receivable	C-15		<u>146,316.00</u>		
			<u>\$ 583,316.00</u>		
Deferred Charges: - Required to be Raised in subsequent year	C-14			\$ 20,000.00	
Reserve for Grants Receivable	C-15			<u>1,900,000.00</u>	
				<u>\$ 1,920,000.00</u>	

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED
GENERAL CAPITAL FUND

	REF.		
Balance - December 31, 2019	C		\$ 1,995,387.05
Decreased by:			
NJ Infrastructure Trust Loan	C-10	\$ 65,000.00	
NJ Infrastructure Fund Loan	C-11	48,905.71	
MCIA Lease Payable	C-12	<u>395,731.90</u>	
			<u>509,637.61</u>
Balance - December 31, 2020	C		<u>\$ 1,485,749.44</u>

SCHEDULE OF DEFERRED CHARGES TO
FUTURE TAXATION - UNFUNDED
GENERAL CAPITAL FUND

Exhibit C-5

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2019	2020 AUTHORI- ZATIONS	GRANT RECEIVABLE	PAID BY BUDGET APPROP.	BALANCE DEC. 31, 2020	ANALYSIS OF BALANCE DECEMBER 31, 2020		
							BOND ANTICIPATION NOTES	EXPENDI- TURES	UNEXPENDED BALANCE OF IMPROV. AUTH.
	<u>General Improvements</u>								
01-09/	Sanitary Sewer/ Pump Station Improvements								
02-01	(Amended)	\$ 23,592.84	\$ -	\$ -	\$ 6,000.00	\$ 17,592.84	\$ 15,000.00	\$ 2,592.84	\$ -
04-01	Columbia Park Improvements	14,000.00			3,500.00	10,500.00	10,500.00		
04-07	Improvement to Streetscape	22,000.00			5,500.00	16,500.00	16,500.00		
05-10	Dunellen Redevelopment Project	3,810.07				3,810.07		3,810.07	
05-12	Resurfacing of Whittier Avenue	4,897.05				4,897.05		4,897.05	
05-20	Emergency equipment	264.80				264.80		264.80	
06-12	Construct Culvert under Railroad	200,000.00				200,000.00			200,000.00
17-04	Supplement Construct Culvert under Railroad	2,200,000.00				2,200,000.00		1,200.00	2,198,800.00
06-18	Supplemental Appropriation - Sanitary Sewer	4,000.00			1,000.00	3,000.00	3,000.00		
06-25	Acquisition of Equipment	585.43				585.43		585.43	
07-02	Various Capital Improvements	2,116.59				2,116.59		2,116.59	
07-15	McCoy Park Improvements	313.29				313.29		313.29	
07-18	West 4th Street Improvements	1,106.06				1,106.06		1,106.06	
07-21	Boiler Replacement in Municipal Building	798.81				798.81		798.81	
08-07	First Street Phase II Improvements	612.72				612.72		612.72	
08-08B	Manhole Covers	548.07				548.07		548.07	
08-17	McCoy Park Improvements - Amended	427.25				427.25		427.25	
08-22C	Diesel Mason Dump Truck	540.03				540.03		540.03	
09-10	Acquisition of Property	55,250.00				55,250.00		2,091.00	53,159.00
09-14	Streetscape Improvements	250.00				250.00		250.00	
10-05	Sewer System Improvements	153,900.00			3,000.00	150,900.00	150,900.00		
11-11	Improvements to Dunellen Avenue	12,111.90			3,500.00	8,611.90	2,100.00	6,511.90	
12-11	Various Capital Improvements	17,233.76			3,300.00	13,933.76	10,200.00		3,733.76
12-16	Improvements to Dunellen Avenue - Phase II	37,546.75			4,000.00	33,546.75	25,900.00	7,646.75	
13-07	Various Capital Improvements	101,497.75			17,000.00	84,497.75	83,000.00		1,497.75
14-03	Various General Improvements	127,848.09			19,000.00	108,848.09	107,000.00	1,848.09	
15-05	Improvements to Madison Avenue	15,404.96			2,500.00	12,904.96	8,400.00		4,504.96
15-06	Streetscape Improvements								
	- Washington Ave and North Ave	423,948.13			11,000.00	412,948.13	309,000.00	39,584.52	64,363.61
15-07	Acquisition of a Fire Pumper	24.23				24.23		24.23	
16-12	Parking Lot Improvements	290,000.00			16,000.00	274,000.00	216,000.00		58,000.00
18-02	Prospect Avenue Roadway Improvements	553,500.00				553,500.00	532,200.00	1,528.30	19,771.70
18-06	Various Capital Improvements	1,713,700.00				1,713,700.00	1,140,000.00		573,700.00
18-10	Repaving of Madison & Prospect Avenues	209,000.00				209,000.00	113,000.00		96,000.00
18-16	Engineering Services for Columbia Park	219,000.00				219,000.00	219,000.00		
19-07	Columbia Park Improvements	2,000,000.00		1,900,000.00		100,000.00	100,000.00		
19-12	Grove Street Roadway Improvements	286,000.00				286,000.00	286,000.00		
19-14	Acquisition of Police Equipment	190,000.00				190,000.00	150,000.00	9,893.46	30,106.54
20-02	Various Capital Improvements		608,000.00			608,000.00	146,000.00	163,668.24	298,331.76
20-03	Improvements to South Madison Avenue		363,000.00			363,000.00	363,000.00		
		<u>\$ 8,885,828.58</u>	<u>\$ 971,000.00</u>	<u>\$ 1,900,000.00</u>	<u>\$ 95,300.00</u>	<u>\$ 7,861,528.58</u>	<u>\$ 4,006,700.00</u>	<u>\$ 252,859.50</u>	<u>\$ 3,601,969.08</u>
	<u>Ref.</u>	<u>C</u>	<u>C-8</u>	<u>C-6</u>	<u>C-6</u>	<u>C</u>			
Bond Anticipation Notes	C-9						\$ 4,906,700.00		
Excess BAN's Ordinance 19-07	C-2						<u>900,000.00</u>		
							<u>\$ 4,006,700.00</u>		
Unexpended Balances of Unfunded Improv. Authors.	C-8								\$ 3,919,555.52
Less: Unexpended Proceeds of Bond Anticipation Notes									<u>317,586.44</u>
									<u>\$ 3,601,969.08</u>

SCHEDULE OF INTERFUNDS
GENERAL CAPITAL FUND

	<u>REF.</u>	<u>TOTAL</u>	<u>CURRENT FUND</u>	<u>TRUST FUND</u>
Balance - December 31, 2019	C	\$ 710,669.15	\$ 810,669.15	\$ (100,000.00)
Due from/(to)				
Increased by:				
Funded by Dunellen School District/Middlesex County	C-5	1,900,000.00	1,900,000.00	
Deferred Charges - Unfunded - Budget Approp	C 5	95,300.00	95,300.00	
2020 Budget Appropriations:				
Capital Improvement Fund	C-7	25,000.00	25,000.00	
Bond Anticipation Notes Sold	C-9	4,906,700.00	4,906,700.00	
		<u>7,637,669.15</u>	<u>7,737,669.15</u>	<u>(100,000.00)</u>
Decreased by:				
Improvement Authorization Expenditures				
Paid by Current Fund	C-8	2,777,043.10	2,777,043.10	
Bond Anticipation Notes Redeemed	C-9	2,567,000.00	2,567,000.00	
		<u>5,344,043.10</u>	<u>5,344,043.10</u>	<u>-</u>
Balance - December 31, 2020	C	<u>\$ 2,293,626.05</u>	<u>\$ 2,393,626.05</u>	<u>\$ (100,000.00)</u>
Due from/(to)				

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>	
Balance - December 31, 2019	C	\$ 53,883.05
Increased by:		
2020 Budget Appropriation	C- 6	<u>25,000.00</u>
		78,883.05
Decreased by:		
Improvement Authorizations Funded	C- 8	<u>45,000.00</u>
Balance - December 31, 2020	C	<u>\$ 33,883.05</u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
GENERAL CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE - DEC. 31, 2019		2020 AUTHORIZATIONS	2019 ENCUMB- RANCES	PAID OR CHARGED	2020 ENCUMB- RANCES	BALANCE - DEC. 31, 2020	
		DATE	AMOUNT	FUNDED	UNFUNDED					FUNDED	UNFUNDED
General Improvements:											
04-07	Improvement to Streetscape (NJ DOT \$200,000)	04/19/04	\$ 275,000.00	\$ -	\$ 7,555.67	\$ -	\$ 12,154.15	\$ -	\$ 12,154.15	\$ -	\$ 7,555.67
05-21	Supplemental Appropriation - Columbia Park	11/21/05	500,000.00	155,228.12						155,228.12	
06-12/	Construct Culvert under Railroad	08/07/2006/	1,300,000.00	854,380.53	200,000.00		3,848.64	4,056.00	3,848.64	850,324.53	200,000.00
17-04	Supplement Construct Culvert under Railroad	04/17/17	2,200,000.00		2,198,800.00						2,198,800.00
06-18	Supplemental Appropriation - Sanitary Sewer	09/25/06	300,000.00	5,456.10	4,000.00					6,456.10	3,000.00
09-10	Acquisition of Property	08/03/09	2,175,000.00		53,159.00						53,159.00
09-14	Streetscape Improvements	12/07/09	95,000.00	-			94,581.26		94,581.26	-	
12-11	Various Capital Improvements	06/18/12	770,000.00	60,272.73	17,233.76					63,572.73	13,933.76
13-07	Various Capital Improvements	08/13/13	270,000.00		49,425.15						49,425.15
15-05	Improvements to Madison Avenue (\$537,500 NJDOT)	08/03/15	700,000.00		7,078.58		165,514.45	163,486.45	2,028.00		7,078.58
15-06	Streetscape Improvements - Washington Ave and North Ave (\$700,000 NJDOT)	08/03/15	900,000.00		64,363.61		46,552.60	26,950.92	19,601.68		64,363.61
15-08	Various Capital Improvements	10/05/15	160,000.00	21,782.11						21,782.11	
15-10	Acquisition of Dispatch Equipment	12/07/15	185,000.00	39,391.72			24,702.00		24,702.00	39,391.72	
16-11	Various Capital Improvements	06/06/16	118,250.00	37,519.98						37,519.98	
16-12	Parking Lot Improvements	06/06/16	415,000.00		65,612.69		18,706.50		18,706.50	7,612.69	58,000.00
18-02	Prospect Avenue Roadway Improvements (\$262,000 NJDOT)	04/12/18	750,000.00		19,771.70		3.50		3.50		19,771.70
18-06	Various Capital Improvements	06/18/18	1,800,000.00		642,253.00		203,672.29	202,048.79	1,607.50		642,269.00
18-10	Repaving of Madison & Prospect Avenues	10/01/18	220,000.00	9,677.77	209,000.00					9,677.77	209,000.00
18-16	Engineering Services for Columbia Park	12/17/18	230,000.00		7,976.74		65,807.74	27,682.00	38,125.74		7,976.74
19-07	Columbia Park Improvements	07/01/19	2,100,000.00		52,595.50		2,046,161.00	1,822,389.55	241,898.12		34,468.83
19-12	Grove Street Roadway Improvements (\$225,000 NJ DOT)	10/21/19	286,000.00		285,316.58			166,413.56	114,468.09		4,434.93
19-14	Acquisition of Police Equipment	11/04/19	200,000.00		53,084.05		146,315.95	169,293.46			30,106.54
20-02	Various Capital Improvements	02/03/20	640,000.00			640,000.00		116,434.12	225,234.12		298,331.76
20-03	Improvements to South Madison Avenue	02/03/20	800,000.00			800,000.00		77,088.25	705,031.50		17,880.25
20-12	Stormwater Jackson/3rd Madison/MtnVw	10/05/20	13,000.00			13,000.00		1,200.00	5,500.00	6,300.00	
				\$ 1,183,709.06	\$ 3,937,226.03	\$ 1,453,000.00	\$ 2,828,020.08	\$ 2,777,043.10	\$ 1,507,490.80	\$ 1,197,865.75	\$ 3,919,555.52
		Ref.	C	C		C	C- 6	C	C	C	
Deferred Charges to Future Taxation Unfunded		C-5				\$ 971,000.00					
Due from Various Grantor Agencies		C-3				437,000.00					
Capital Improvement Fund		C-7				45,000.00					
						\$ 1,453,000.00					

SCHEDULE OF BOND ANTICIPATION NOTES

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE OF ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DEC. 31, 2019	INCREASED	DECREASED	BALANCE DEC. 31, 2020
01-09/02-01	Sanitary Sewer Pump System Improvements	09/11/13	04/28/20	04/28/21	1.75%	\$ 20,000.00	\$ 15,000.00	\$ 20,000.00	\$ 15,000.00
04-01	Columbia Park Improvements	09/11/13	04/28/20	04/28/21	1.75%	14,000.00	10,500.00	14,000.00	10,500.00
04-07	Streetscape Improvements	09/11/13	04/28/20	04/28/21	1.75%	22,000.00	16,500.00	22,000.00	16,500.00
06-18	Supplemental Appropriation - Sanitary Sewer	09/11/13	04/28/20	04/28/21	1.75%	4,000.00	3,000.00	4,000.00	3,000.00
10-05	Sewer System Improvements	06/16/16	04/28/20	04/28/21	1.75%	153,900.00	150,900.00	153,900.00	150,900.00
11-11	Improvements to Dunellen Avenue	09/11/13	04/28/20	04/28/21	1.75%	5,600.00	2,100.00	5,600.00	2,100.00
12-11	Various Capital Improvements	09/11/13	04/28/20	04/28/21	1.75%	13,500.00	10,200.00	13,500.00	10,200.00
12-16	Improvements to Dunellen Avenue - Phase II	09/11/13	04/28/20	04/28/21	1.75%	29,900.00	25,900.00	29,900.00	25,900.00
13-07	Various General Improvements	09/11/13	04/28/20	04/28/21	1.75%	100,000.00	83,000.00	100,000.00	83,000.00
14-03	Various General Improvements	06/17/15	04/28/20	04/28/21	1.75%	126,000.00	107,000.00	126,000.00	107,000.00
15-05	Improvements to Madison Avenue	11/14/16	04/28/20	04/28/21	1.75%	10,900.00	8,400.00	10,900.00	8,400.00
15-06	Streetscape Improvements - Washington Ave and North Ave	11/14/17	04/28/20	04/28/21	1.75%	200,000.00	309,000.00	200,000.00	309,000.00
16-12	Parking Lot Improvements	11/14/16	04/28/20	04/28/21	1.75%	232,000.00	216,000.00	232,000.00	216,000.00
18-02	Prospect Avenue Roadway Improvements	06/14/18	04/28/20	04/28/21	1.75%	532,200.00	532,200.00	532,200.00	532,200.00
18-06	Various Capital Improvements	06/13/19	04/28/20	04/28/21	1.75%	840,000.00	1,140,000.00	840,000.00	1,140,000.00
18-10	Repaving of Madison & Prospect Avenues	06/13/19	04/28/20	04/28/21	1.75%	113,000.00	113,000.00	113,000.00	113,000.00
18-16	Engineering Services for Columbia Park	06/13/19	04/28/20	04/28/21	1.75%	150,000.00	219,000.00	150,000.00	219,000.00
19-07	Columbia Park Improvements	06/13/19	04/28/20	04/28/21	1.75%		1,000,000.00		1,000,000.00
19-12	Grove Street Roadway Improvements	06/13/19	04/28/20	04/28/21	1.75%		286,000.00		286,000.00
19-14	Acquisition of Police Equipment	06/13/19	04/28/20	04/28/21	1.75%		150,000.00		150,000.00
20-02	Various Capital Improvements	06/13/19	04/28/20	04/28/21	1.75%		146,000.00		146,000.00
20-03	Improvements to South Madison Avenue	06/13/19	04/28/20	04/28/21	1.75%		363,000.00		363,000.00
						<u>\$ 2,567,000.00</u>	<u>\$ 4,906,700.00</u>	<u>\$ 2,567,000.00</u>	<u>\$ 4,906,700.00</u>
Ref.						C	C- 6	C- 6	C

SCHEDULE OF INFRASTRUCTURE
TRUST LOAN PAYABLE

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LOANS</u>		<u>BALANCE DEC. 31, 2019</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2020</u>
				<u>DATE</u>	<u>AMOUNT</u>			
New Jersey Environmental Infrastructure Trust 2002 A Loan	11/7/02	\$900,000.00	5.00%	08/01/21	\$ 65,000.00	\$ 200,000.00	\$ 65,000.00	\$ 135,000.00
			4.75%	08/01/22	70,000.00			
						<u>\$ 200,000.00</u>	<u>\$ 65,000.00</u>	<u>\$ 135,000.00</u>
				<u>Ref.</u>		C	C-4	C

SCHEDULE OF INFRASTRUCTURE
FUND LOAN PAYABLE

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>YEAR</u>	<u>SEMI-ANNUAL PRINCIPAL</u>		<u>BALANCE DEC. 31, 2019</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2020</u>
				<u>1-Feb</u>	<u>1-Aug</u>			
New Jersey Environmental Infrastructure Fund 2002 A Loan	11/7/02	\$945,475.00	2021	\$ 2,148.71	\$ 44,632.80	\$ 143,612.58	\$ 48,905.71	\$ 94,706.87
			2022	1,086.61	46,838.75			
						<u>\$ 143,612.58</u>	<u>\$ 48,905.71</u>	<u>\$ 94,706.87</u>
				<u>Ref.</u>		C	C-4	C

SCHEDULE OF MCIA LEASE PAYABLE

<u>DESCRIPTION</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>INTEREST RATE</u>	<u>MATURITIES OF LOANS</u>		<u>BALANCE DEC. 31, 2019</u>	<u>DECREASED</u>	<u>BALANCE DEC. 31, 2020</u>
				<u>DATE</u>	<u>AMOUNT</u>			
MCIA Lease Payable	2012	\$ 2,462,767.39	3.000%	09/15/21	\$ 225,000.00	\$ 703,679.68	\$ 278,914.93	\$ 424,764.75
			3.000%	09/15/22	199,764.75			
MCIA Lease Payable	2017	1,174,880.03	3.000%	09/01/21	117,731.43	948,094.79	116,816.97	831,277.82
			3.000%	09/01/22	121,798.35			
			4.000%	09/01/23	111,468.30			
			4.000%	09/01/24	115,926.98			
			4.000%	09/01/25	118,564.03			
			4.000%	09/01/26	122,386.62			
			4.000%	09/01/27	123,402.11			
						<u>\$ 1,651,774.47</u>	<u>\$ 395,731.90</u>	<u>\$ 1,256,042.57</u>
				<u>Ref.</u>		C	C- 4	C

SCHEDULE OF RESERVE FOR PAYMENT OF
FUTURE DEBT SERVICE

	<u>REF.</u>	
Balance - December 31, 2019	C	\$ 1,081.36
Balance - December 31, 2020	C	<u>\$ 1,081.36</u>

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES

	<u>Balance December 31, 2019</u>	<u>Resulting from CY2020</u>	<u>Balance December 31, 2020</u>
Unfunded General Capital Cancellation of Grants Receivable	<u>\$ -</u>	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>
Total	<u>\$ -</u>	<u>\$ 20,000.00</u>	<u>\$ 20,000.00</u>
<u>Ref.</u>	C	C-3	C

GENERAL CAPITAL FUND
SCHEDULE OF RESERVE FOR GRANTS RECEIVABLE

		<u>December 31,</u> <u>2019</u>	<u>Grants</u> <u>Awarded</u>	<u>Cash</u> <u>Receipts</u>	<u>December 31,</u> <u>2020</u>
Reserve for:					
Ordinance					
15-05	Improvements to Madison Avenue	\$ 148,904.96	\$ -	\$ -	\$ 148,904.96
15-06	Streetscape Improvements - Washington Ave - NJ DOT	123,948.13			123,948.13
15-06	Streetscape Improvements - North Ave - NJ DOT	100,000.00			100,000.00
18-02	Prospect Avenue - NJ DOT	65,500.00			65,500.00
19-07	Columbia Park Improvements - County of Middlesex	1,400,000.00		1,400,000.00	-
19-07	Columbia Park Improvements - Dunellen School District	500,000.00		500,000.00	-
19-12	Grove Street Roadway Improvements - NJ DOT	225,000.00			225,000.00
20-03	South Madison Avenue Roadway	<u> </u>	<u>146,316.00</u>	<u> </u>	<u>146,316.00</u>
Total		<u>\$ 2,563,353.09</u>	<u>\$ 146,316.00</u>	<u>\$ 1,900,000.00</u>	<u>\$ 809,669.09</u>
		<u>Ref.</u> C	C-3	C-3	C

SCHEDULE OF BONDS AND NOTES
AUTHORIZED BUT NOT ISSUED
GENERAL CAPITAL FUND

Exhibit C-16

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2019	2020 AUTHORI- ZATIONS	BAN's REDEEMED	PAID BY BUDGET APPROPS	GRANT RECEIVED	BAN's ISSUED	EXCESS BAN's	BALANCE DEC. 31, 2020
<u>General Improvements</u>									
01-09/	Sanitary Sewer /Pump Station Improvs.								
02-01	(Amended)	\$ 3,592.84	\$	\$ 20,000.00	\$ 6,000.00	\$	\$ 15,000.00	\$	\$ 2,592.84
04-01	Columbia Park Improvements	-		14,000.00	3,500.00		10,500.00		-
04-07	Streetscape Improvements	-		22,000.00	5,500.00		16,500.00		-
05-10	Dunellen Redevelopment Project	3,810.07							3,810.07
05-12	Resurfacing of Whittier Avenue	4,897.05							4,897.05
05-20	Emergency equipment	264.80							264.80
06-12/	Construct Culvert under Railroad	200,000.00							200,000.00
17-04	Supplement Construct Culvert under Railroad	2,200,000.00							2,200,000.00
06-18	Supplemental Appropriation - Sanitary Sewer	-		4,000.00	1,000.00		3,000.00		-
06-25	Acquisition of Equipment	585.43							585.43
07-02	Various Capital Improvements	2,116.59							2,116.59
07-15	McCoy Park Improvements	313.29							313.29
07-18	West 4th Street Improvements	1,106.06							1,106.06
07-21	Boiler Replacement in Municipal Building	798.81							798.81
08-07	First Street Phase II Improvements	612.72							612.72
08-08B	Manhole Covers	548.07							548.07
08-17	McCoy Park Improvements - Amended	427.25							427.25
08-22C	Diesel Mason Dump Truck	540.03							540.03
09-10	Acquisition of Property	55,250.00							55,250.00
09-14	Streetscape Improvements	250.00							250.00
10-05	Sewer System Improvements	-		153,900.00	3,000.00		150,900.00		-
11-11	Improvements to Dunellen Avenue	6,511.90		5,600.00	3,500.00		2,100.00		6,511.90
12-11	Various Capital Improvements	3,733.76		13,500.00	3,300.00		10,200.00		3,733.76
12-16	Improvements to Dunellen Avenue - Phase II	7,646.75		29,900.00	4,000.00		25,900.00		7,646.75
13-07	Various Capital Improvements	1,497.75		100,000.00	17,000.00		83,000.00		1,497.75
14-03	Various General Improvements	1,848.09		126,000.00	19,000.00		107,000.00		1,848.09
15-05	Improvements to Madison Avenue	4,504.96		10,900.00	2,500.00		8,400.00		4,504.96
15-06	Streetscape Improvements - Washington Ave and North Ave	223,948.13		200,000.00	11,000.00		309,000.00		103,948.13
15-07	Acquisition of a Fire Pumper	24.23							24.23
16-12	Parking Lot Improvements	58,000.00		232,000.00	16,000.00		216,000.00		58,000.00
18-02	Prospect Avenue Roadway Improvements	21,300.00		532,200.00			532,200.00		21,300.00
18-06	Various Capital Improvements	873,700.00		840,000.00			1,140,000.00		573,700.00
18-10	Repaving of Madison & Prospect Avenues	96,000.00		113,000.00			113,000.00		96,000.00
18-16	Engineering Services for Columbia Park	69,000.00		150,000.00			219,000.00		-
19-07	Columbia Park Improvements	2,000,000.00				1,900,000.00	1,000,000.00	900,000.00	-
19-12	Grove Street Roadway Improvements	286,000.00					286,000.00		-
19-14	Acquisition of Police Equipment	190,000.00					150,000.00		40,000.00
20-02	Various Capital Improvements		608,000.00				146,000.00		462,000.00
20-03	Improvements to South Madison Avenue		363,000.00				363,000.00		-
		<u>\$ 6,318,828.58</u>	<u>\$ 971,000.00</u>	<u>\$ 2,567,000.00</u>	<u>\$ 95,300.00</u>	<u>\$ 1,900,000.00</u>	<u>\$ 4,906,700.00</u>	<u>\$ 900,000.00</u>	<u>\$ 3,854,828.58</u>

Ref.

C

C

Sewer Utility Fund

SCHEDULE OF SEWER UTILITY
CASH AND INVESTMENTS - TREASURER
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	<u>OPERATING FUND</u>
Balance - December 31, 2019	D	\$ 4,170.99
Increased by Receipts:		
Int. on Investments & Deposits	D- 2	<u>42.61</u>
Balance - December 31, 2020	D	<u><u>\$ 4,213.60</u></u>

SCHEDULE OF SEWER RENTS RECEIVABLE
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 123,899.66
Increased by:		
2020 Sewer Service Charges	Reserve	<u>951,512.50</u>
		1,075,412.16
Decreased by:		
2020 Collections:		
Collector	D-1, D-2	\$ 986,713.36
Overpayments Applied	D-2, D-6	3,952.29
Cancelled Sewer Rents	Reserve	<u>1,776.05</u>
		<u>992,441.70</u>
Balance - December 31, 2020	D	<u><u>\$ 82,970.46</u></u>

SCHEDULE OF SEWER RENT OVERPAYMENTS
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 3,952.29
Increased by:		
Cash Overpayments Collected - Collector	D-7	<u>10,408.46</u>
		14,360.75
Decreased by:		
Applied to Sewer Rents Receivable	D-5	<u>3,952.29</u>
Balance - December 31, 2020	D	<u><u>\$ 10,408.46</u></u>

SCHEDULE OF INTERFUNDS RECEIVABLE/PAYABLE
SEWER UTILITY OPERATING FUND

	REF.	Total	Current Fund	Sewer Capital Fund
Balance - December 31, 2019				
(Due From)	D	\$ 642,710.58	\$ 642,710.58	
(Due To)	D	154,360.67		\$ 154,360.67
Increased by:				
Receipts deposited in Current Fund	D- 2	986,713.36	986,713.36	
Interest and Costs on Sewer Rents	D- 2	14,607.81	14,607.81	
Capital Improvement Fund/Capital Outlay	D- 3	25,000.00		25,000.00
Tax Overpayment Collected	D- 6	10,408.46	10,408.46	
		1,036,729.63	1,011,729.63	25,000.00
Decreased by:				
Disbursements paid by Current Fund	D- 3	779,801.01	779,801.01	
Disbursements paid by Current Fund	D- 8	163,530.59	163,530.59	
Accrued Interest On MCIA Loan	D-15	8,451.13	8,451.13	
Accrued Interest On BAN's	D-15	7,040.39	7,040.39	
		958,823.12	958,823.12	-
Balance - December 31, 2020				
(Due From)	D	\$ 695,617.09	\$ 695,617.09	
(Due To)	D	179,360.67		\$ 179,360.67

SCHEDULE OF 2019 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND

	BALANCE DECEMBER 31, 2019		BALANCE AFTER TRANSFERS	PAID OR CHARGED	BALANCED LAPSED
	APPROPRIATION RESERVES	RESERVE FOR ENCUMBRANCES			
Operations:					
Salaries and Wages	\$ 5,573.07	\$	\$ 5,573.07	\$ 5,553.00	\$ 20.07
Other Expenses	3,093.34	154,081.46	159,874.80	157,977.59	1,897.21
Total Operations	8,666.41	154,081.46	165,447.87	163,530.59	1,917.28
Contribution to:					
Public Employees Retirement System	500.00		500.00		500.00
Social Security System (O.A.S.I.)	3,430.65		730.65		730.65
Total Deferred Charges and Statutory Expenditures	3,930.65	-	1,230.65	-	1,230.65
	<u>\$ 12,597.06</u>	<u>\$ 154,081.46</u>	<u>\$ 166,678.52</u>	<u>\$ 163,530.59</u>	<u>\$ 3,147.93</u>
<u>REF.</u>	D	D		D-7	D-1
<u>Accounts Payable</u>					
Balance 12/31/19	D			\$ 1,741.50	
Decreased by:					
Cancelled	D-1			<u>1,741.50</u>	
Balance 12/31/20	D			<u>\$ -</u>	

Exhibit - D-9

SCHEDULE OF SEWER LIENS RECEIVABLE
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 1,030.00
Balance - December 31, 2020	D	<u>\$ 1,030.00</u>

Exhibit - D-10

SCHEDULE OF CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 109,975.00
Increased by:		
Due from Sewer Utility Operating Fund	D-11	<u>25,000.00</u>
		134,975.00
Decreased by:		
Approp. to Finance Improvement Auth.	D-18	<u>37,500.00</u>
Balance - December 31, 2020	D	<u>\$ 97,475.00</u>

SCHEDULE OF INTERFUNDS RECEIVABLE
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	<u>Total</u>	<u>Due from Sewer Operating Fund</u>	<u>Due from Current Fund</u>
Balance - December 31, 2019	D	\$ 228,136.51	\$ 154,360.67	\$ 73,775.84
Increased by:				
Capital Improvement Fund	D-10	25,000.00	25,000.00	
Bond Anticipation Notes	D-19	508,000.00		508,000.00
		<u>761,136.51</u>	<u>179,360.67</u>	<u>581,775.84</u>
Decreased by:				
Disbursed by Current Fund	D-16	53,491.00		53,491.00
Bond Anticipation Notes	D-19	353,000.00		353,000.00
		<u>406,491.00</u>	<u>-</u>	<u>406,491.00</u>
Balance - December 31, 2020	D	<u>\$ 354,645.51</u>	<u>\$ 179,360.67</u>	<u>\$ 175,284.84</u>

Exhibit - D-12

SCHEDULE OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND

	<u>BALANCE DEC. 31, 2019</u>	<u>BALANCE DEC. 31, 2020</u>
Various Infrastructure - Adjustment	<u>\$ 24,125,000.00</u>	<u>\$ 24,125,000.00</u>
<u>Ref.</u>	D	D

Exhibit - D-13

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND

<u>ORD. NO.</u>	<u>Improvement Description</u>	<u>BALANCE DEC. 31, 2019</u>	<u>FIXED CAPITAL AUTHORIZED</u>	<u>BALANCE DEC. 31, 2020</u>
16-16	Emergency Sewer Break	\$ 300,000.00	\$ -	\$ 300,000.00
18-07	Sewer Capital Repairs	250,000.00		250,000.00
19-01	Sewer Main - Orange Street	200,000.00		200,000.00
19-11	Repairs to Sewer Main Break	65,000.00		65,000.00
19-13	Grove Street Sanitary Improvements	163,000.00		163,000.00
20-09	Railroad Ave/4th Street Sewer Main		325,000.00	325,000.00
20-11	Madison Avenue Sewer Improvements		25,000.00	25,000.00
20-13	Penfield Place Sewer Improvements		12,500.00	12,500.00
		<u>\$ 978,000.00</u>	<u>\$ 362,500.00</u>	<u>\$ 1,340,500.00</u>
<u>Ref.</u>		D	D-16	D

SCHEDULE OF MCIA LEASE PAYABLE
SEWER UTILITY CAPITAL FUND

DESCRIPTION	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATE	MATURITIES OF LOANS		BALANCE	DECREASED	BALANCE
				DATE	AMOUNT	DEC. 31, 2019		DEC. 31, 2020
MCIA Lease Payable	2017	\$ 262,371.30	3.000%	09/01/21	\$ 19,009.50	\$ 225,914.40	\$ 18,484.90	\$ 207,429.50
			3.000%	09/01/22	21,049.80			
			4.000%	09/01/23	32,008.80			
			4.000%	09/01/24	33,289.20			
			4.000%	09/01/25	33,620.80			
			4.000%	09/01/26	34,005.60			
			4.000%	09/01/27	34,445.80			
					\$ 225,914.40	\$ 18,484.90	\$ 207,429.50	
Ref.					D	D-17	D	

SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
SEWER UTILITY OPERATING FUND

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 6,669.71
Increased by:		
Accrued Interest Charged to:		
2020 Budget Appropriations	D-3	<u>17,454.77</u>
		24,124.48
Decreased by:		
Cash Disbursements	D-7	<u>15,491.52</u>
Balance - December 31, 2020	D	<u><u>\$ 8,632.96</u></u>

Analysis of Balance - December 31, 2020:

Principal Outstanding <u>12/31/20</u>	Interest Rate	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Amount</u>
MCIA Loans					
\$ 19,009.50	3.000%	09/01/20	12/31/20	4 Months	\$ 190.10
21,049.80	3.000%	09/01/20	12/31/20	4 Months	210.50
32,008.80	4.000%	09/01/20	12/31/20	4 Months	426.78
33,289.20	4.000%	09/01/20	12/31/20	4 Months	443.86
33,620.80	4.000%	09/01/20	12/31/20	4 Months	448.28
34,005.60	4.000%	09/01/20	12/31/20	4 Months	453.41
34,445.80	4.000%	09/01/20	12/31/20	4 Months	459.28
BAN's					
508,000.00	1.750%	04/28/20	12/31/20	243 days	<u>6,000.75</u>
					<u><u>\$ 8,632.96</u></u>

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORDINANCE		BALANCE DEC. 31, 2019		2020 AUTHORIZATIONS	PAID OR CHARGED	2020 ENCUMB- RANCES	BALANCE DEC. 31, 2020		
		DATE	AMOUNT	FUNDED	UNFUNDED				FUNDED	UNFUNDED	
<u>General Improvements:</u>											
16-16	Emergency Sewer Break	09/19/16	\$ 300,000.00	\$ 87,806.15	\$ -	\$ -	\$ -	\$ -	\$ 87,806.15	\$ -	
18-07	Sewer Capital Repairs	07/02/18	250,000.00		68,012.97					68,012.97	
19-01	Sewer Main - Orange Street	02/19/19	200,000.00		29,664.07					29,664.07	
19-11	Repairs to Sewer Main Break	10/07/19	65,000.00	253.32					253.32		
19-13	Grove Street Sanitary Improvements	10/21/19	163,000.00	7,400.00	155,000.00		27,082.00			135,318.00	
20-09	Railroad Ave/4th Street Sewer Main	08/03/20	325,000.00			325,000.00	4,978.50			320,021.50	
20-11	Madison Avenue Sewer Improvements	09/21/20	25,000.00			25,000.00	20,830.50		4,169.50		
20-13	Penfield Place Sewer Improvements	10/05/20	12,500.00			12,500.00	600.00	11,500.00	400.00		
				<u>\$ 95,459.47</u>	<u>\$ 252,677.04</u>	<u>\$ 362,500.00</u>	<u>\$ 53,491.00</u>	<u>\$ 11,500.00</u>	<u>\$ 92,628.97</u>	<u>\$ 553,016.54</u>	
<u>Ref.</u>				D	D	D-13	D-11	D	D	D	

SCHEDULE OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

	<u>REF.</u>	
Balance - December 31, 2019	D	\$ 24,184,085.60
Increased by:		
MCIA Loan	D-14	<u>18,484.90</u>
Balance - December 31, 2020	D	<u><u>\$ 24,202,570.50</u></u>

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND

<u>Ordinance</u>	<u>Improvement Description</u>	<u>BALANCE</u> <u>DEC. 31, 2019</u>	<u>IMPROVEMENT</u> <u>AUTHORIZATIONS</u> <u>FUNDED</u>	<u>BALANCE</u> <u>DEC. 31, 2020</u>
16-16	Emergency Sewer Break	\$ 15,000.00	\$ -	\$ 15,000.00
18-07	Sewer Capital Repairs	12,500.00		12,500.00
19-01	Sewer Main - Orange Street	9,525.00		9,525.00
19-11	Repairs to Sewer Main Break	65,000.00		65,000.00
19-13	Grove Street Sanitary Improvements	8,000.00		8,000.00
20-11	Madison Avenue Sewer Improvements		25,000.00	25,000.00
20-13	Penfield Place Sewer Improvements		12,500.00	12,500.00
		<u>\$ 110,025.00</u>	<u>\$ 37,500.00</u>	<u>\$ 147,525.00</u>
		<u>Ref.</u>		
		D	D-10	D

SCHEDULE OF BOND ANTICIPATION NOTES
SEWER UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	ORIGINAL DATE OF ISSUE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DEC. 31, 2019	INCREASED	DECREASED	BALANCE DEC. 31, 2020
18-07	Sewer Capital Repairs	06/13/19	04/28/20	04/28/21	1.75%	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00	\$ 185,000.00
19-01	Sewer Main - Orange Street	06/13/19	04/28/20	04/28/21	1.75%	168,000.00	168,000.00	168,000.00	168,000.00
19-13	Grove Street sanitary sewer improvements	04/28/20	04/28/20	04/28/21	1.75%		155,000.00		155,000.00
						<u>\$ 353,000.00</u>	<u>\$ 508,000.00</u>	<u>\$ 353,000.00</u>	<u>\$ 508,000.00</u>
					<u>Ref.</u>	D	D-11	D-11	D

SCHEDULE OF BONDS AND NOTES
 AUTHORIZED BUT NOT ISSUED
SEWER UTILITY CAPITAL FUND

ORD. NO.	IMPROVEMENT DESCRIPTION	BALANCE DEC. 31, 2019	2020 AUTHORI- ZATIONS	BAN's ISSUED	BAN's REDEEMED	BALANCE DEC. 31, 2020
	<u>General Improvements</u>					
18-07	Sewer Capital Repairs	\$ 52,500.00	\$	\$ 185,000.00	\$ 185,000.00	\$ 52,500.00
19-01	Sewer Main - Orange Street	22,475.00		168,000.00	168,000.00	22,475.00
19-13	Grove Street Sanitary Improvements	155,000.00		155,000.00		-
20-09	Railroad Ave/4th Street Sewer Main		325,000.00			325,000.00
		<u>\$ 229,975.00</u>	<u>\$ 325,000.00</u>	<u>\$ 508,000.00</u>	<u>\$ 353,000.00</u>	<u>\$ 399,975.00</u>
<u>Ref.</u>		D				D

**BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY**

PART III

**SUPPLEMENTARY DATA
YEAR ENDED DECEMBER 31, 2020**

BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY
COMBINED BALANCE SHEET ALL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>ASSETS</u>	<u>CURRENT FUND</u>	<u>GRANT FUND</u>	<u>TRUST FUND</u>	<u>GENERAL CAPITAL FUND</u>	<u>SEWER UTILITY FUND</u>	<u>GOVERNMENTAL FIXED ASSETS</u>	<u>MEMORANDUM ONLY TOTALS</u>	
							<u>BALANCE DEC. 31, 2020</u>	<u>BALANCE DEC. 31, 2019</u>
Cash and Investments	\$ 5,166,193.90	\$	\$ 636,720.64		\$ 4,213.60	\$	\$ 5,807,128.14	\$ 2,918,676.23
Accounts Receivable:								
State and Federal Grants		481,596.35		\$ 2,238,274.85			2,719,871.20	4,045,520.87
Due from State of N.J.	60,122.30						60,122.30	61,122.30
Taxes, Assmts. and Liens	262,003.37				84,000.46		346,003.83	469,401.41
Property Acquired for Taxes	118,000.00						118,000.00	118,000.00
Interfund Loans	31,368.84		786,971.79	2,393,626.05	1,050,262.60		4,262,229.28	2,111,801.10
Other Accounts Receivable	24,799.91						24,799.91	15,999.85
Deferred Charges to Revenue of Succeeding Years	199,032.09			20,000.00			219,032.09	130,000.00
Deferred Charges to Future Taxation: General Capital				9,347,278.02			9,347,278.02	10,881,215.63
Governmental Fixed Assets						8,133,181.00	8,133,181.00	7,864,834.00
Utility Fixed Capital					25,465,500.00		25,465,500.00	25,103,000.00
Total Assets	\$ 5,861,520.41	\$ 481,596.35	\$ 1,423,692.43	\$ 13,999,178.92	\$ 26,603,976.66	\$ 8,133,181.00	\$ 56,503,145.77	\$ 53,719,571.39
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>								
Bonds and Notes Payable	\$ 81,000.00	\$	\$	\$ 4,906,700.00	\$ 508,000.00	\$	\$ 5,495,700.00	\$ 3,050,000.00
Loans Payable				229,706.87			229,706.87	343,612.58
Lease Payable				1,256,042.57	207,429.50		1,463,472.07	1,877,688.87
Prepaid Taxes	142,091.12						142,091.12	100,221.90
Tax and Other Overpayments	49,801.86				10,408.46		60,210.32	46,865.53
Appropriation Reserves	414,271.01				67,035.12		481,306.13	151,218.48
Reserve for Encumbrances	114,496.69	7,847.63		1,507,490.80	50,056.00		1,679,891.12	3,141,060.99
Amounts Pledged to Specific Purposes	48,021.49	442,379.88	1,423,692.43				1,914,093.80	949,854.82
Improvement Authorizations				5,117,421.27	645,645.51		5,763,066.78	5,469,071.60
Interfund Loans	3,951,499.77	31,368.84		100,000.00	179,360.67		4,262,229.28	2,111,801.10
Other Liabilities	93,799.88			844,633.50	106,107.96		1,044,541.34	2,860,568.73
Investments in Governmental Fixed Assets						8,133,181.00	8,133,181.00	7,864,834.00
Reserve for Amortization of Costs of Fixed Capital - Acquired or Authorized					24,350,095.50		24,350,095.50	24,294,110.60
Reserve for Certain Assets Receivable	436,172.12				84,000.46		520,172.58	655,753.24
Fund Balance	530,366.47			37,183.91	395,837.48		963,387.86	802,908.95
Total Liabilities, Reserves and Fund Balance	\$ 5,861,520.41	\$ 481,596.35	\$ 1,423,692.43	\$ 13,999,178.92	\$ 26,603,976.66	\$ 8,133,181.00	\$ 56,503,145.77	\$ 53,719,571.39

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - CURRENT FUND

Revenue and Other Income Realized	2020		2019	
	Amount	%	Amount	%
Fund Balance Utilized	\$ 387,000.00	1.68	\$ 350,000.00	1.58
Miscellaneous - From Other Than Local Property Tax Levies	1,287,677.11	5.60	1,406,928.81	6.33
Collection of Delinquent Taxes and Tax Title Liens	319,782.90	1.39	287,482.59	1.29
Collection of Current Tax Levy	20,896,964.30	90.84	20,008,608.48	90.03
Non-Budget Revenue	15,735.46	0.07	31,938.95	0.14
Other Credits	96,499.08	0.42	139,498.93	0.63
Total Income	23,003,658.85	100.00	22,224,457.76	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	7,197,347.04	31.77	6,981,488.37	31.95
County Taxes	2,530,505.69	11.17	2,413,301.61	11.04
Local School Taxes	12,925,859.00	57.05	12,402,393.00	56.76
Other Expenditures	2,858.90	0.01	54,351.98	0.25
Total Expenditures	22,656,570.63	100.00	21,851,534.96	100.00
Excess in Revenues	347,088.22		372,922.80	
Adj. to Income Before Fund Balance:				
Deficit in Revenues Which are by Statute Deferred Charges to Budget of Succeeding Years	118,032.09			
Statutory Excess to Fund Balance	465,120.31		372,922.80	
Fund Balance - Beginning	452,246.16		429,323.36	
Less:				
Utilized as Anticipated Revenue	387,000.00		350,000.00	
Fund Balance - Ending	\$ 530,366.47		\$ 452,246.16	

STATEMENT OF OPERATIONS AND CHANGE
IN FUND BALANCE - SEWER UTILITY OPERATING FUND

Revenue and Other Income Realized	2020		2019	
	Amount	%	Amount	%
Fund Balance Utilized	\$ 100,198.00	9.02	\$ 104,321.00	9.51
Sewer User Fees	990,665.65	89.22	930,861.03	84.89
Non-Budget Revenue/Other Credits	19,539.85	1.76	61,352.65	5.60
Total Income	1,110,403.50	100.00	1,096,534.68	100.00
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	927,846.90	100.00	874,130.34	100.00
Total Expenditures	927,846.90	100.00	874,130.34	100.00
Excess in Revenues	182,556.60		222,404.34	
Fund Balance - Beginning	313,478.88		195,395.54	
Less:				
Utilized as Anticipated Revenue	100,198.00		104,321.00	
Fund Balance - Ending	\$ 395,837.48		\$ 313,478.88	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate:</u>	<u>\$3.248</u>	<u>\$3.103</u>	<u>\$13.506</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	<u>0.838</u>	<u>0.810</u>	<u>3.571</u>
Municipal Library	<u>0.033</u>	<u>0.031</u>	<u>0.135</u>
County	<u>0.359</u>	<u>0.340</u>	<u>1.514</u>
County Open Space	<u>0.030</u>	<u>0.029</u>	<u>0.124</u>
Local School	<u>1.988</u>	<u>1.893</u>	<u>8.162</u>

Assessed Valuation:

2020	<u>\$650,278,700.00</u>	
2019		<u>\$655,256,025.00</u>
2018		<u>\$144,751,925.00</u>

*Per Abstract of Ratables, Middlesex County, N.J.

Note: Under the provisions of Chapter 73, L.1976, the County Board of Taxation estimated the amount of approved Veterans and Senior Citizens Tax Deductions for the year 2020 to be \$34,250.00.

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

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

<u>Year</u>	<u>Tax Levy</u>	<u>CURRENTLY</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
CY 2020	\$21,149,603.29	\$20,896,964.30	98.81%
CY 2019	20,351,374.99	20,008,608.48	98.32%
CY 2018	19,578,813.34	19,307,775.80	98.62%

COMPARISON OF SEWER UTILITY LEVIES

<u>YEAR</u>	<u>LEVY</u>	<u>CASH COLLECTIONS *</u>
CY 2020	\$ 951,512.50	\$ 990,665.65
CY 2019	924,155.55	930,861.03
CY 2018	813,011.31	777,352.25

* Collections include prior year delinquent sewer taxes.

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>
CY 2020	\$ 15,722.65	\$ 246,280.72	\$ 262,003.37	1.24%
CY 2019	15,722.65	328,749.10	344,471.75	1.69%
CY 2018	15,722.65	294,788.05	310,510.70	1.59%

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year Ended</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	CY 2020	\$ 530,366.47	\$ 468,000.00
	CY 2019	452,246.16	387,000.00
	CY 2018	429,323.36	350,000.00
	CY 2017	518,617.44	426,500.00
	CY 2016	404,607.19	312,000.00

	<u>Year Ended</u>	<u>Balance</u>	<u>Utilized in Budget of Succeeding Year</u>
Sewer Utility Operating Fund	CY 2020	\$ 395,837.48	\$ 133,195.00
	CY 2019	313,478.88	100,198.00
	CY 2018	195,395.54	104,321.00
	CY 2017	183,510.88	83,227.00
	CY 2016	196,086.36	98,820.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2020:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>	<u>NAME OF CORPORATE SURETY</u>
Jason Cilento	- Mayor		
Kenneth Bayer	- Councilperson - President		
April Burke	- Councilperson		
Jessica Dunne	- Councilperson		
Stacy Narvesen	- Councilperson		
Trina Rios	- Councilperson		
Daniel Cole Sigmon	- Councilperson		
William Robins	- Borough Clerk/Administrator		
Scott Olsen	- Chief Financial Officer		
Gene Le Poriere	- Tax Collector	\$1,000,000.00	Hartford Insurance Company
John Bruder	- Attorney		
Dawn Guttschall	- Assessor		
Katherine Howes	- Magistrate		
Theresa Crisafulli	- Court Administrator	\$45,000.00	Selective Insurance Company
Daniel Smith	- Chief of Police		

All other employees were covered under a blanket bond in the amount
\$1,000,000.00 issued by Middlesex County Joint Insurance Fund

**BOROUGH OF DUNELLEN
MIDDLESEX COUNTY, NEW JERSEY**

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMEBER 31, 2020

**BOROUGH OF DUNELLEN
COUNTY OF MIDDLESEX, NEW JERSEY
YEAR ENDED DECEMBER 31, 2020**

GENERAL COMMENTS

An audit of the financial accounts and transactions of the Borough of Dunellen, County of Middlesex, New Jersey, for the year ended December 31, 2020, has been completed. The General Comments are herewith set forth:

Scope of Audit

The audit covered the financial transactions of the Finance Department and the other various offices and departments collecting fees within the Borough of Dunellen, County of Middlesex, New Jersey.

The audit did not and could not determine the character of services rendered for which payment had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control before approval of such claims by the Governing Body. Cash on hand was counted and cash and investment balances were reconciled with independent certifications obtained directly from the depositories. Revenues and receipts were established and verified as to source and amount insofar as the records permitted.

INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of Borough of Dunellen, County of Middlesex, New Jersey as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

GENERAL COMMENTS

INTERNAL CONTROL MATTERS (Cont'd.)

With respect to the reporting of internal control matters, standards require that only a significant deficiency and/or a material weakness need be reported in writing to management and those charged with governance.

The control deficiencies reported are not considered to be significant deficiencies nor material weaknesses. In addition, these control deficiencies are not required to be reported in writing, however, control deficiencies are presented to management and those charged with governance in this report as a means to present those matters identified in review of the Borough's internal controls and as a means to inform management and those charged with governance as to the auditing standards requirements with respect to internal controls.

As indicated below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

In addition, during our audit, we noted certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated July 22, 2021 on the financial statements of the Borough of Dunellen. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

Control Deficiencies:

2020-1 Segregation of Duties

Conditions exist whereby the same person may collect, record and deposit cash receipts in the following offices - Clerk, Code Enforcement, Police, Recreation, Municipal Court, Finance and Tax Office.

This condition is the result of multiple tasks performed by the same individual within the respective offices.

GENERAL COMMENTS

Other Matters

Contracts and Agreements Required to be Advertised Per N.J.S.A. 40A:11-4

N.J.S.A. 40A: 11-4 states "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 bidder therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the limits described above 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.

On January 22, 2021 the Local Public Contracts Law was amended, effective on July 1, 2020. The amendment addresses the bid threshold (Section 7, N.J.S.A. 40A:11-3), thereby increasing the amount from \$40,000.00 to \$44,000.00 under which a contract may be awarded without public advertising for those municipalities that have appointed a Qualified Purchasing Agent. The maximum bid threshold remains at \$17,500.00 for those municipalities that do not have a Qualified Purchasing Agent. Currently the Borough does not have a Qualified Purchasing Agent.

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 materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures revealed that no individual payments, contracts or agreements in excess \$17,500.00 thereafter "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.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Any interpretations as to possible violation of N.J.S.A. 40A:11-4 and N.J.A.C. 5:30-14 would be in the province of the municipal solicitor.

GENERAL COMMENTS

Other Matters (Cont'd.)

Contracts and Agreements Required
to be Advertised Per N.J.S.A. 40A:11-4 (Cont'd.)

Compliance with P.L. 2005, c.271

The threshold for Pay-to-Play is set at \$17,500, with no escalator provision. "Pay-to-Play" laws cover all contracts (not just professional services as some believe). Any contract (or aggregation of purchases of similar goods or services) that does not meet "fair and open" standards requires the Borough to obtain the necessary c. 271 documents. The provisions of c. 271 became effective on January 1, 2006.

A non-compliance would result with the issuance of purchase orders exceeding \$17,500 during the fiscal period without a "fair and open" process, and without obtaining the requisite disclosures. It is important to note that the laws and regulations implementing "Pay-to-Play" focus on vendors rather than categories of goods and services. While this change may appear subtle, it greatly expands the monitoring required to assure continuing compliance.

Tests of expenditures indicated the Borough had the required documentation for compliance with P.L. 2005, c.271 for items tested with one exception.

We suggest that the Borough obtain proper documentation for all items in excess of the bid threshold.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 1, 2020, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Mayor and Council of the Borough of Dunellen, that in accordance with the provisions of N.J.S.A. 54:4-67, the Tax Collector of the Borough of Dunellen be, and she is hereby authorized and directed to charge interest on delinquent taxes or assessments at the rate of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00 provided, however, that no interest be charged if payment of any installment is made within ten days after the time within the same became payable.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 17, 2020.

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

<u>Year</u>	<u>Number of Liens</u>
CY 2020	2
CY 2019	2
CY 2018	2

GENERAL COMMENTS

Other Matters (Cont'd.)

Interfund Balances

Interfund balances appear on the various balance sheets of the Borough's financial statements at December 31, 2020.

These interfunds, in most cases, resulted from CY 2020 operations and should be cleared by cash transfer where feasible.

As the existence of these interfund balances did not result in a material distortion of income, and they are not indicative of an inability of any fund to meet its annual cash flow requirements from its own respective cash receipts, no recommendation is made as part of this report.

Investments

The Chief Financial Officer has the idle funds of the Borough invested in interest-bearing investments or accounts for the year under review. Earnings from the investments and deposits are shown in the various funds of the Borough as of December 31, 2020.

The Borough has adopted a formal cash management plan policy in compliance with N.J.S.A. 40A:5-14 of the Local Fiscal Affairs Law, which requires that "each local unit shall adopt a cash management plan and shall deposit its funds pursuant to that plan".

All investments held by the Borough were directly confirmed as of December 31, 2020.

Payment of Claims

Claims were examined on a test basis for the year under review. No exceptions noted for items tested.

Purchase Order System

The Borough utilized a purchase order system for its expenditures in connection with its budgetary accounting encumbrance system during the year under review. Transactions are approved based on availability on funds. The processing of confirming orders was noted.

It is recommended the Borough review policies and procedures to eliminate the use of confirming orders.

Payroll

An examination was made of the employees' compensation records for the year 2020 to determine that salaries were paid with the amounts of salaries and wages authorized by ordinance. No exceptions noted for items tested.

GENERAL COMMENTS

Other Matters (Cont'd.)

Municipal Court

The financial records maintained by the Municipal Court during the period were reviewed. The examination of the general account indicated that deposits were recorded and spread by receipt category and cash was reconciled monthly. The examination of the bail account's financial and supporting records maintained by the Municipal Court indicated that the analysis of outstanding bail was reconciled to the book balance. However, we noted that disbursements were not always made to appropriate agencies on a timely basis as required by the Administrative Office of the Courts (AOC).

The processing of traffic and criminal cases entered on the State's on-line computer system indicated no exceptions with respect to items tested.

It is recommended that all disbursements be made to the appropriate agencies on a timely basis as required by the AOC.

Condition of Records - Other Officials Collecting Fees

Our reviews of the records maintained for other officials collecting fees, which were designed to determine that minimum levels of internal control and accountability were met, and that cash receipts were deposited or turned over to the Borough's Treasurer's accounts within a 48-hour period as required by N.J.S.A. 40A:5-15. There were no exceptions to report.

Municipal Clerk's Office, and the Recreation Department prepare monthly reports. The examination of the records for these offices were found to be in good condition.

Surety Bonds

The "List of Officials", included as part of the Supplementary Data section of this report, discloses the status of surety bond coverage's in effect at December 31, 2020, disclosed compliance with requirements, as promulgated by the Local Finance Board, State of New Jersey, for the Municipal Court and the Tax/Utility Collector.

During July 1998 the Local Finance Board completed a readoption of the Board's general rules in the New Jersey Administrative Code. Based upon the new provision of N.J.A.C 5:30-8.3 and 8.4, local units are encouraged to utilize new recommended amounts in lieu of the minimum amounts in order to provide a higher level of security of public funds.

Condition of the Records – Tax Collector

The condition of the records maintained by the Tax Collector was reviewed. Computerized cash receipts records were proved to manual controls daily and in total monthly.

GENERAL COMMENTS

Other Matters (Cont'd.)

Condition of the Records – Finance Office

The financial records maintained by the Finance Department during the period were reviewed. A general ledger was maintained for current fund, and was found to be suitable to serve as the basis for the year 2020 current fund financial statements.

Internal Control Documentation

AU Section 325 sets forth requirements upon the auditee that includes the documentation of its internal controls. We suggest the Borough initiate this process and also consider utilizing the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for its documentation, which includes the five components of internal controls, as follows: Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. In addition, we suggest the documentation should also include the internal controls that exist over grant compliance along with providing for this documentation in conjunction with information relating to job descriptions and procedures manual.

Budgetary Records

The Borough maintains a detailed, computerized subsidiary ledger for each of its budgets. During CY 2020, an examination of the approved budget appropriations indicated that no budget accounts were overexpended/overcommitted during the period under review.

Animal Control Fund

The financial records maintained for the Animal Control Fund during the period under review was found to be in good condition. The examination of the account indicated that deposits were properly recorded, cash was reconciled monthly and disbursements were made to the appropriate agencies on a timely basis.

Administration and Accounting of State & Federal Grants

During 2020, the Borough operated programs, which were funded in whole or in part by state or federal grant awards. As part of the acceptance of these funds, the Borough is required to make assurances to the grantor agency that it will comply, in its general operations as well as in the operation of grant funded programs, with various laws and regulations. In addition, the individual grant contracts impose specific compliance requirements for the operations of each program. Based upon the myriad compliance and reporting requirements for grant awards, the Borough should continue to develop sound administrative functions over grant programs.

GENERAL COMMENTS

Other Matters (Cont'd.)

Administration and Accounting of State & Federal Grants (Cont'd.)

The acceptance of grant funds also places additional requirements upon the Borough with respect to the Borough's system of internal control. Based upon the matrix of requirements applicable to the specific grant, the Borough's internal controls are required to include systems and policies and procedures designed to ensure compliance with the compliance requirements. In addition, we suggest the Borough review all of the applicable grant agreements and the Borough's system of internal controls in order to ensure the Borough's internal controls are functioning at the requisite levels to meet the various compliance requirements.

We suggest the Borough review its system of internal controls and various policies and procedures as they apply to the compliance requirements for State and Federal grants. In addition, the grant receivable and appropriation schedules indicate a number of prior years' balances still outstanding. We suggest that the Borough review and monitor grant receivable and appropriation balances in order to ensure timely collection and payment of balances.

Cybersecurity

As part of its overall risk management, the Borough reviews security measures in place relating to its Information Technology (IT), including the use of specialized assessments. With the ever increasing challenges relating to cybersecurity, each organization determines what particular assessment or combination of assessments best fits its information security strategy. We suggest management continue to assess risks related to cybersecurity along with the utilization of specialized assessments, which would also include a periodic reporting mechanism to those charged with governance.

Compliance with N.J.A.C 5:30:

The Local Finance Board, State of New Jersey, adopted the following requirements, previously identified as "technical accounting directives", as codified in the New Jersey Administration Code as follows:

N.J.A.C. 5:30 - 5.2 – Encumbrance Systems: This directive requires the development and implementation of accounting systems, which can reflect the commitment of funds at the point of commitment. The Borough of Dunellen is in compliance with this directive.

N.J.A.C. 5:30 - 5.6 – Accounting for Governmental Fixed Assets: This directive requires the development and implementation of accounting systems which assign values to covered assets and can track additions, retirements and transfers of inventoried assets. The Borough contracted with an outside agency to perform a fixed asset inventory and has established a Fixed Assets Accounting and Reporting System. The Borough is in compliance with this directive.

N.J.A.C. 5:30 - 5.7 – General Ledger Accounting System: This directive requires the establishment and maintenance of a general ledger for, at least, the Current Fund. The Borough is in compliance with this directive.

GENERAL COMMENTS

Other Matters (Cont'd.)

Compliance with Local Finance Notices

Local Finance Notice (LFN) No. 92-15 requires that the Borough prepare and file a corrective action plan in accordance with federal and state requirements. A written corrective action plan for CY 2019 was prepared as required.

In accordance with Local Finance Notice No. CFO-10, Uniform Construction Code, expenditure records were tested for compliance with N.J.A.C. 5:3.17(c)2, and no exceptions were noted.

RECOMMENDATIONS

We recommend the following:

- * That the Borough review policies and procedures to eliminate the use of confirming orders.
- * That all disbursements be made by the Municipal Court to the appropriate agencies on a timely basis as required by the Administrative Office of the Courts (AOC).
- * These are repeat comments from the previous year.

ACKNOWLEDGMENT

During the course of our audit we received the complete cooperation of the various officials of the Borough, and the courtesies extended to us were greatly appreciated.

Should any questions arise as to our comments or recommendations or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.

Very truly yours,

PKF O'Connor Davies

A handwritten signature in black ink, appearing to be 'A. G. Hodulik', with a long horizontal flourish extending to the right.

Andrew G. Hodulik, CPA, RMA
No. 406