

Report of Audit

on the

Financial Statements

of the

Borough of Fanwood

in the

County of Union
New Jersey

for the

Year Ended
December 31, 2020

BOROUGH OF FANWOOD

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BOROUGH OF FANWOOD

PART I

INDEPENDENT AUDITOR'S REPORT ON
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
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SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2020 AND 2019



SUPLEE, CLOONEY & COMPANY

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Fanwood
County of Union
Fanwood, New Jersey 07023

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Fanwood, as of December 31, 2020 and 2019, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's regulatory 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 regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the regulatory 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 Borough of Fanwood's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Fanwood'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 regulatory financial statements.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough of Fanwood as of December 31, 2020 and 2019, or the results of its operations and changes in fund balance for the year then ended or the revenues or expenditures for the year ended December 31, 2020.

Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2020 and 2019, the regulatory basis statement of operations and changes in fund balance for the year then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2020 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

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Other Matters


Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough Fanwood's regulatory financial statements. The supplementary information, schedules and data listed in the table of contents as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey are presented for purposes of additional analysis and are not a required part of the regulatory financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2021 on our consideration of the Borough of Fanwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Fanwood's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 419

September 7, 2021



SUPLEE, CLOONEY & COMPANY

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members
of the Borough Council
Borough of Fanwood
County of Union
Fanwood, New Jersey 07023

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Fanwood, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated September 7, 2021. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Fanwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory financial statements, we considered the Borough's control over financial reporting (internal control) as a basis for designing 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 Borough's internal control.

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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 Borough of Fanwood'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. However, we noted other matters involving internal control that we have reported to the Borough of Fanwood in the General Comments and Recommendations of this report.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, there were other instances of noncompliance which we discussed in Part III, General Comments and Recommendations section of this audit report.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 419

September 7, 2021

CURRENT FUND

BOROUGH OF FANWOOD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| <u>ASSETS</u> | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2020</u> | <u>BALANCE DECEMBER 31, 2019</u> |
|---------------------------------------------------------|-------------|------------------------------------------|------------------------------------------|
| Cash | A-4 | \$ 3,632,512.36 | \$ 4,836,893.68 |
| Cash - Change Funds | A-6 | 350.00 | 350.00 |
| Cash - Petty Cash | A-7 | 400.00 | |
| Due from State of New Jersey-Senior Citizens Deductions | A-8 | 11,102.89 | 10,830.30 |
| State Aid Receivable | A-5 | <u>357,094.77</u> | <u>375,581.86</u> |
| | | <u>\$ 4,001,460.02</u> | <u>\$ 5,223,655.84</u> |
| Receivables With Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-9 | \$ 180,147.43 | \$ 224,008.67 |
| Tax Title Liens Receivable | A-10 | 30,186.29 | 29,649.59 |
| Property Acquired for Taxes-Assessed Valuation | A-11 | 12,279.00 | 12,279.00 |
| Revenue Accounts Receivable | A-12 | 6,021.16 | 11,638.33 |
| Interfunds Receivable | A-23 | 25,146.99 | 28,423.79 |
| Prepaid Regional School Tax | A-21 | | <u>87,059.27</u> |
| | A | <u>\$ 253,780.87</u> | <u>\$ 393,058.65</u> |
| Deferred Charges: | | | |
| Emergency Appropriation 40A:4-53 | A-19 | \$ 958,000.00 | \$ 303,000.00 |
| Emergency Appropriation 40A:4-47 | A-19 | | <u>15,000.00</u> |
| | | <u>\$ 958,000.00</u> | <u>\$ 318,000.00</u> |
| | | <u>\$ 5,213,240.89</u> | <u>\$ 5,934,714.49</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2020</u> | <u>BALANCE DECEMBER 31, 2019</u> |
|------------------------------------------------------|-------------|------------------------------------------|------------------------------------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3:A-13 | \$ 443,857.73 | \$ 260,271.01 |
| Encumbrances Payable | A-24 | 769,581.41 | 490,722.63 |
| Prepaid Taxes | A-17 | 216,560.13 | 136,357.92 |
| Tax Overpayments | A-18 | 64,900.53 | 55,654.50 |
| County Taxes Payable | A-20 | 12,050.62 | 1,614.02 |
| School Taxes Payable | A-21 | 1,649,112.23 | |
| Municipal Open Space Taxes Payable | A-34 | 32,052.70 | 39.59 |
| Emergency Notes Payable | A-35 | 348,000.00 | 273,000.00 |
| Tax Anticipation Note | A-36 | | 3,000,000.00 |
| Reserve for: | | | |
| Due State of New Jersey: | | | |
| Marriage License Fees | A-16 | 475.00 | 700.00 |
| State Training Fees | A-25 | 2,603.54 | 2,603.54 |
| Burial Permits | A-27 | 35.00 | 35.00 |
| Tax Maps | A-31 | | 35,315.54 |
| Tax Appeals | A-28 | 37,592.02 | 27,592.02 |
| Library | A-29 | 67,034.15 | 5,042.04 |
| Sale of Municipal Assets | A-14 | 125.00 | 125.00 |
| Grants - Appropriated | A-22 | 440,641.22 | 495,175.53 |
| Grants - Unappropriated | A-15 | 12,820.14 | 1.00 |
| Revaluation | A-33 | | 41,301.57 |
| Fire Fines and Penalties | A-26 | 25.00 | 25.00 |
| Snow Removal | A-30 | 14,380.32 | 8,374.77 |
| P.I.L.O.T. Fees Due Union County | A-32 | 1,860.48 | 1,860.48 |
| | | <u>\$ 4,113,707.22</u> | <u>\$ 4,835,811.16</u> |
| Reserve for Receivables and Other Assets | A | 253,780.87 | 393,058.65 |
| Fund Balance | A-1 | <u>845,752.80</u> | <u>705,844.68</u> |
| | | <u>\$ 5,213,240.89</u> | <u>\$ 5,934,714.49</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - REGULATORY BASIS

| | REF. | YEAR ENDED DECEMBER 31, 2020 | YEAR ENDED DECEMBER 31, 2019 |
|----------------------------------------------------|---------|------------------------------------|------------------------------------|
| REVENUE AND OTHER INCOME | | | |
| Fund Balance Utilized | A-2 | \$ 650,000.00 | \$ 1,060,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 1,900,010.59 | 2,148,361.31 |
| Receipts From Delinquent Taxes | A-2 | 220,316.60 | 194,392.27 |
| Receipts From Current Taxes | A-2 | 33,718,471.56 | 33,519,503.20 |
| Non-Budget Revenue | A-2 | 36,912.36 | 48,943.23 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-13 | 246,052.84 | 236,339.22 |
| Special Emergency - COVID 19 - Deficit in Revenues | A-19 | 110,000.00 | |
| Interfunds Returned | | 3,276.80 | 8,393.32 |
| School Tax Deferred | | 87,059.27 | 5.00 |
| Cancellation of Miscellaneous Reserves | | 46,617.11 | |
| TOTAL INCOME | | \$ 37,018,717.13 | \$ 37,215,937.55 |
| EXPENDITURES | | | |
| Budget Appropriations: | | | |
| Operations Within "CAPS": | | | |
| Operating | A-3 | \$ 6,637,712.00 | \$ 6,513,814.16 |
| Deferred Charges and Statutory Expenditures | A-3 | 985,102.60 | 958,961.00 |
| Operations Excluded From "CAPS": | | | |
| Other Operations | A-3 | 545,900.84 | 917,847.67 |
| Capital Improvement Fund | A-3 | 5,000.00 | 40,000.00 |
| Deferred Charges | A-3 | 80,000.00 | 67,000.00 |
| Municipal Debt Service | A-3 | 1,412,082.89 | 1,221,820.29 |
| Regional School Tax | A-21 | 20,717,903.50 | 20,431,646.00 |
| County Taxes | A-20 | 6,348,907.47 | 6,511,469.37 |
| County Share of Added Taxes | A-20 | 10,436.60 | 12,984.69 |
| Municipal Open Space Tax | A-34 | 125,763.11 | 23,039.59 |
| Grants Receivable Canceled | A-5 | | 0.30 |
| Refund of Prior Year Revenue | A-4 | | 13,961.80 |
| TOTAL EXPENDITURES | | \$ 36,868,809.01 | \$ 36,712,544.87 |
| Excess in Revenue | | \$ 149,908.12 | \$ 503,392.68 |
| Adjustment to Income Before Fund Balance: | | | |
| Expenditures included above which are by Statute | | | |
| Deferred Charges to Budgets of Succeeding Years | A-19 | 640,000.00 | 80,000.00 |
| Regulatory Excess to Fund Balance | | \$ 789,908.12 | \$ 583,392.68 |
| Fund Balance | | | |
| Balance, January 1 | A | 705,844.68 | 1,182,452.00 |
| | | \$ 1,495,752.80 | \$ 1,765,844.68 |
| Decreased by: | | | |
| Utilized as Anticipated Revenue | A-1:A-2 | 650,000.00 | 1,060,000.00 |
| Balance, December 31 | A | \$ 845,752.80 | \$ 705,844.68 |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | <u>REF.</u> | <u>BUDGET</u> | <u>SPECIAL N.J.S.</u> <u>40A: 4-87</u> | <u>REALIZED</u> | <u>EXCESS OR</u> <u>(DEFICIT)</u> |
|-------------------------------------------------------------|-------------|------------------------|-------------------------------------------|------------------------|--------------------------------------|
| Fund Balance Appropriated | A-1 | \$ <u>650,000.00</u> | | \$ <u>650,000.00</u> | |
| Miscellaneous Revenues: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverages | A-12 | \$ 7,600.00 | | \$ 7,500.00 | (100.00) |
| Other | A-12 | 5,500.00 | | 2,830.00 | (2,670.00) |
| Fees and Permits: | | | | | |
| Other | A-2 | 113,900.00 | | 74,117.00 | (39,783.00) |
| Municipal Court Fines | A-12 | 130,000.00 | | 103,216.18 | (26,783.82) |
| Interest and Costs on Taxes | A-12 | 25,000.00 | | 43,769.57 | 18,769.57 |
| Parking Meters & Permits | A-12 | 250,000.00 | | 35,307.33 | (214,692.67) |
| Interest on Investments | A-12 | 40,000.00 | | 68,996.17 | 28,996.17 |
| Energy Receipts Tax | A-12 | 755,288.00 | | 755,288.01 | 0.01 |
| Recycling Tonnage Grant | A-5 | 6,885.84 | | 6,885.84 | 0.00 |
| Electric Station for Cars | A-5 | 2,000.00 | | 2,000.00 | 0.00 |
| Shared Services - DPW | A-12 | 44,000.00 | | 43,658.10 | (341.90) |
| Uniform Fire Safety Act | A-12 | 6,700.00 | | 7,308.66 | 608.66 |
| Verizon TV | A-12 | 77,000.00 | | 76,505.45 | (494.55) |
| Bulk Waste Pick Up | A-12 | 30,000.00 | | 29,380.00 | (620.00) |
| Cable T.V. Franchise Fee | A-12 | 30,000.00 | | 31,420.77 | 1,420.77 |
| Communications Tower Rental | A-12 | 90,000.00 | | 105,356.30 | 15,356.30 |
| Reserve for Debt Service | A-12 | 405.29 | | 405.29 | 0.00 |
| P.I.L.O.T. Elite Phase I | A-12 | 86,000.00 | | 87,823.52 | 1,823.52 |
| P.I.L.O.T. Fanwood Crossing 2 | A-12 | 99,000.00 | | 95,223.79 | (3,776.21) |
| P.I.L.O.T. Fanwood Crossing 3 | A-12 | 53,000.00 | | 51,335.77 | (1,664.23) |
| P.I.L.O.T. Station Square | A-12 | 130,758.00 | | 222,548.70 | 91,790.70 |
| General Capital Fund Surplus | A-12 | 22,000.00 | | 22,000.00 | 0.00 |
| Indirect Costs - UCC | A-12 | 27,134.14 | | 27,134.14 | 0.00 |
| | A-1 | \$ <u>2,032,171.27</u> | <u>0.00</u> | \$ <u>1,900,010.59</u> | \$ <u>(132,160.68)</u> |
| Receipts From Delinquent Taxes | A-1 | \$ <u>200,000.00</u> | | \$ <u>220,316.60</u> | \$ <u>20,316.60</u> |
| Property Tax for Support of Municipal Budget Appropriation: | | | | | |
| Local Tax for Municipal Purposes | A-2:A-9 | \$ 6,132,058.53 | | \$ 6,379,889.38 | 247,830.85 |
| Minimum Library Tax | A-2:A-9 | 419,385.00 | | 419,385.00 | 0.00 |
| | | \$ <u>6,551,443.53</u> | <u>0.00</u> | \$ <u>6,799,274.38</u> | \$ <u>247,830.85</u> |
| <u>Budget Totals</u> | | \$ <u>9,433,614.80</u> | <u>0.00</u> | \$ <u>9,589,601.57</u> | \$ <u>135,986.77</u> |
| Non-Budget Revenue | A-1:A-2 | \$ _____ | | \$ <u>36,912.36</u> | \$ <u>36,912.36</u> |
| | | \$ <u>9,433,614.80</u> | <u>0.00</u> | \$ <u>9,606,513.93</u> | \$ <u>172,899.13</u> |
| | <u>REF.</u> | <u>A-3</u> | <u>A-3</u> | | |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | <u>REF.</u> | |
|--------------------------------------------------------------------------------|-------------|-------------------------|
| Allocation of Current Tax Collections: Collected | A-1:A-9 | \$ 33,718,471.56 |
| Allocated to: Schools and County Taxes | A-20:A-21 | \$ <u>27,193,434.07</u> |
| Support of Municipal Budget Appropriations | | \$ 6,525,037.49 |
| Add: Appropriation Reserve for Uncollected Taxes | A-3 | <u>400,000.00</u> |
| Amount for Support of Municipal Budget Appropriations | A-2 | \$ <u>6,925,037.49</u> |
| Other Licenses: Health Officer | A-12 | \$ <u>2,830.00</u> |
| Other Fees and Permits: Health Officer | A-12 | \$ 840.00 |
| Police Department | A-12 | 38,519.00 |
| Zoning | A-12 | 13,985.00 |
| Fire Inspection | A-12 | <u>20,793.00</u> |
| | A-2 | \$ <u>74,117.00</u> |
| Parking Meters | A-12 | \$ 40,325.51 |
| Less: Refunds | A-4 | <u>5,018.18</u> |
| | A-2 | \$ <u>35,307.33</u> |
| Miscellaneous Revenue Not Anticipated: Senior Citizens - Administrative Fee | | \$ 839.65 |
| UC Tonnage Rebate | | 10,161.60 |
| Motor Vehicle Fine Reimbursements | | 1,825.00 |
| Workers Compensation Reimbursements | | 3,858.68 |
| Bid Specs | | 1,104.34 |
| Prior Year Void Checks | | 400.00 |
| Auction | | 119.00 |
| Miscellaneous | | 7,000.00 |
| | | <u>11,808.29</u> |
| | A-4 | \$ <u>36,912.36</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | <u>APPROPRIATIONS</u> | | <u>EXPENDED</u> | | <u>CANCELED</u> |
|---------------------------------|-----------------------|----------------------------------|------------------------|-----------------|-----------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | |
| <u>OPERATIONS WITHIN "CAPS"</u> | | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | | |
| Administrative and Executive: | | | | | |
| Salaries and Wages | \$ 55,000.00 | \$ 72,501.13 | \$ 71,904.95 | \$ 596.18 | \$ |
| Other Expenses | 85,000.00 | 85,000.00 | 83,123.13 | 1,876.87 | |
| Office of the Mayor: | | | | | |
| Salaries and Wages | 14,000.00 | 14,000.00 | 13,999.42 | 0.58 | |
| Other Expenses | 1,700.00 | 1,700.00 | 1,577.19 | 122.81 | |
| Municipal Clerk: | | | | | |
| Salaries and Wages | 85,000.00 | 75,000.00 | 73,166.74 | 1,833.26 | |
| Other Expenses | 27,800.00 | 20,800.00 | 16,970.86 | 3,829.14 | |
| Financial Administration: | | | | | |
| Salaries and Wages | 185,000.00 | 180,000.00 | 178,568.16 | 1,431.84 | |
| Other Expenses | 89,500.00 | 83,500.00 | 68,712.40 | 14,787.60 | |
| Audit | 35,000.00 | 35,000.00 | 30,000.00 | 5,000.00 | |
| Assessment of Taxes: | | | | | |
| Salaries and Wages | 21,000.00 | 21,000.00 | 20,977.92 | 22.08 | |
| Other Expenses | 8,450.00 | 5,450.00 | 5,171.62 | 278.38 | |
| Reserve for Tax Appeal | 10,000.00 | 10,000.00 | 10,000.00 | | |
| Collection of Taxes: | | | | | |
| Salaries and Wages | 64,000.00 | 68,909.00 | 68,908.98 | 0.02 | |
| Other Expenses | 4,275.00 | 4,775.00 | 4,643.12 | 131.88 | |
| Legal Services and Costs: | | | | | |
| Other Expenses | 132,200.00 | 153,900.00 | 141,455.23 | 12,444.77 | |
| Municipal Prosecutor: | | | | | |
| Salaries and Wages | 26,000.00 | 26,000.00 | 25,925.04 | 74.96 | |
| Public Defender: | | | | | |
| Salaries and Wages | 6,000.00 | 6,000.00 | | 6,000.00 | |
| Engineering Services and Costs: | | | | | |
| Other Expenses | 50,000.00 | 50,000.00 | 37,676.94 | 12,323.06 | |
| Architect: | | | | | |
| Other Expenses | 3,000.00 | 3,000.00 | 1,000.00 | 2,000.00 | |
| Planning Board: | | | | | |
| Other Expenses | 13,950.00 | 13,950.00 | 10,083.37 | 3,866.63 | |
| Zoning Officer | | | | | |
| Salaries and Wages | 28,500.00 | 28,500.00 | 28,202.52 | 297.48 | |
| Other Expenses | 1,098.00 | 1,098.00 | 190.00 | 908.00 | |
| Credit Card Fees: | | | | | |
| Other Expenses | 6,000.00 | 6,000.00 | 400.00 | 5,600.00 | |
| Environmental Commission: | | | | | |
| Salaries and Wages | 4,300.00 | 4,428.26 | 4,428.26 | | |
| Other Expenses | 1,564.00 | 1,564.00 | 797.92 | 766.08 | |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | APPROPRIATIONS | | EXPENDED | | CANCELED |
|---------------------------------------------|----------------|---------------------------|-----------------|-------------|----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u> | | | | | |
| <u>GENERAL GOVERNMENT (CONTINUED)</u> | | | | | |
| Insurance: | | | | | |
| State Unemployment Compensation | \$ 6,000.00 | \$ 6,000.00 | \$ 6,000.00 | \$ 6,000.00 | |
| Group Insurance for Employees | 828,000.00 | 828,000.00 | 827,398.61 | 601.39 | |
| Other Insurance Premiums | 147,526.00 | 147,526.00 | 147,526.00 | | |
| Workmen's Compensation | 183,501.00 | 183,501.00 | 151,641.97 | 31,859.03 | |
| Health Benefit Waiver | 15,000.00 | 12,842.16 | 12,842.16 | | |
| Municipal Court: | | | | | |
| Salaries and Wages | 126,000.00 | 111,000.00 | 107,974.26 | 3,025.74 | |
| Other Expenses | 9,450.00 | 4,450.00 | 2,830.43 | 1,619.57 | |
| <u>PUBLIC SAFETY</u> | | | | | |
| Fire: | | | | | |
| Other Expenses: | | | | | |
| Fire Hydrants | 115,000.00 | 115,000.00 | 104,383.57 | 10,616.43 | |
| Miscellaneous | 44,000.00 | 44,000.00 | 39,568.54 | 4,431.46 | |
| Fire Prevention Bureau: | | | | | |
| Salaries and Wages | 22,000.00 | 23,500.00 | 22,457.00 | 1,043.00 | |
| Other Expenses | 4,460.00 | 4,460.00 | 4,459.16 | 0.84 | |
| Police: | | | | | |
| Salaries and Wages | 1,865,000.00 | 2,010,000.00 | 2,009,952.04 | 47.96 | |
| Other Expenses | 68,113.00 | 93,113.00 | 83,976.80 | 9,136.20 | |
| School Crossing Guards: | | | | | |
| Salaries and Wages | 30,000.00 | 25,000.00 | 22,096.84 | 2,903.16 | |
| Dispatchers: | | | | | |
| Other Expenses | 88,000.00 | 89,017.87 | 89,017.87 | | |
| Traffic Signal Maintenance: | | | | | |
| Other Expenses | 5,000.00 | 5,845.00 | 5,845.00 | | |
| Emergency Management Services: | | | | | |
| Other Expenses | 1,640.00 | 1,640.00 | 129.94 | 1,510.06 | |
| Sanitation: | | | | | |
| Solid Waste Management Act: | | | | | |
| Salaries and Wages | 12,000.00 | 8,000.00 | 6,868.08 | 1,131.92 | |
| Other Expenses | 257,000.00 | 257,000.00 | 235,083.60 | 21,916.40 | |
| Road Repair and Maintenance: | | | | | |
| Salaries and Wages | 582,100.00 | 574,030.00 | 574,030.00 | | |
| Other Expenses | 92,400.00 | 577,400.00 | 434,452.77 | 142,947.23 | |
| <u>HEALTH AND WELFARE</u> | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | 14,000.00 | 14,000.00 | 13,525.28 | 474.72 | |
| Other Expenses | 2,105.00 | 2,105.00 | 173.10 | 1,931.90 | |
| Contractual - Town of Westfield | 46,000.00 | 46,075.00 | 46,075.00 | | |
| Dog Regulation: | | | | | |
| Other Expenses | 10,000.00 | 8,000.00 | 7,230.00 | 770.00 | |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | <u>APPROPRIATIONS</u> | | <u>EXPENDED</u> | | <u>CANCELED</u> |
|-----------------------------------------------------------------|------------------------|----------------------------------|------------------------|----------------------|-----------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | |
| <u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u> | | | | | |
| <u>HEALTH AND WELFARE (CONTINUED)</u> | | | | | |
| Shared Services: | | | | | |
| Other Expenses | \$ 2,575.00 | \$ 2,575.00 | \$ 2,575.00 | | \$ |
| Snow Removal: | | | | | |
| Other Expenses | 5,000.00 | 20,000.00 | 20,000.00 | | |
| New Jersey Public Employees Occupational and Safety Health Act: | | | | | |
| Other Expenses | 900.00 | | | | |
| Right to Know Act: | | | | | |
| Salaries and Wages | 900.00 | 900.00 | | 900.00 | |
| <u>RECREATION AND COMMUNITY SERVICES</u> | | | | | |
| Celebration of Public Events: | | | | | |
| Other Expenses | 10,500.00 | 10,500.00 | 8,855.89 | 1,644.11 | |
| Senior Citizen: | | | | | |
| Salaries and Wages | 7,000.00 | 7,001.00 | 7,000.08 | 0.92 | |
| Other Expenses | 5,000.00 | 1,000.00 | 160.00 | 840.00 | |
| Communications: | | | | | |
| Salaries and Wages | 3,300.00 | 3,300.00 | 3,300.00 | | |
| Other Expenses | 86,000.00 | 71,555.58 | 71,555.46 | 0.12 | |
| Rescue Squad: | | | | | |
| Other Expenses | 3,000.00 | 3,000.00 | | 3,000.00 | |
| <u>UNCLASSIFIED</u> | | | | | |
| Utilities-Other | 128,400.00 | 128,400.00 | 118,022.43 | 10,377.57 | |
| Downtown Revitalization | 75,000.00 | 75,000.00 | 71,615.95 | 3,384.05 | |
| Cable T.V. Community Access: | | | | | |
| Other Expenses | 100.00 | 100.00 | | 100.00 | |
| Postage | 12,000.00 | 14,000.00 | 10,352.33 | 3,647.67 | |
| New Jersey Transit - Contractual | 10,000.00 | 10,000.00 | 1,810.02 | 8,189.98 | |
| Street Lighting | 110,000.00 | 125,800.00 | 101,678.63 | 24,121.37 | |
| TOTAL OPERATIONS WITHIN "CAPS" | \$ 5,993,207.00 | \$ 6,636,712.00 | \$ 6,264,347.58 | \$ 372,364.42 | \$ |
| <u>CONTINGENT</u> | \$ 1,000.00 | \$ 1,000.00 | | \$ 1,000.00 | \$ |
| TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS" | \$ 5,994,207.00 | \$ 6,637,712.00 | \$ 6,264,347.58 | \$ 373,364.42 | \$ |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | APPROPRIATIONS | | EXPENDED | | CANCELED |
|----------------------------------------------------------------------------------|------------------------|---------------------------|------------------------|----------------------|----------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>Statutory Expenditures</u> | | | | | |
| Contribution to: | | | | | |
| Public Employees Retirement System | \$ 205,407.00 | \$ 205,407.00 | \$ 205,407.00 | \$ | \$ |
| Social Security System | 180,000.00 | 176,000.00 | 175,277.71 | 722.29 | |
| Defined Contribution Retirement Program | 1,500.00 | 1,500.00 | 1,467.06 | 32.94 | |
| Public Employees Retirement System-Retroactive | 2,834.10 | 2,834.10 | 2,834.10 | | |
| Police and Firemen's Retirement System of NJ - Retroactive | 1,490.50 | 1,490.50 | 1,490.50 | | |
| Police and Firemen's Retirement System of NJ | 597,871.00 | 597,871.00 | 597,871.00 | | |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES MUNICIPAL-WITHIN "CAPS" | \$ 989,102.60 | \$ 985,102.60 | \$ 984,347.37 | \$ 755.23 | |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | \$ 6,983,309.60 | \$ 7,622,814.60 | \$ 7,248,694.95 | \$ 374,119.65 | |
| <u>OPERATIONS EXCLUDED FROM "CAPS"</u> | | | | | |
| Maintenance of Free Public Library (N.J.S.A. 40:54) | \$ 419,385.00 | \$ 419,385.00 | \$ 374,541.17 | \$ 44,843.83 | \$ |
| Length of Service Award Program (L.O.S.A.P.) | 18,135.00 | 18,630.00 | 18,629.12 | 0.88 | |
| Statutory Expenditures: | | | | | |
| Interlocal Agreements: | | | | | |
| Borough of Garwood: | | | | | |
| Road Repair and Maintenance: | | | | | |
| Salaries and Wages | 44,000.00 | 44,000.00 | 44,000.00 | | |
| Shared Service Westfield -Gas & Diesel | 40,000.00 | 40,000.00 | 15,106.63 | 24,893.37 | |
| STATE AND FEDERAL PROGRAMS OFF-SET BY REVENUES | | | | | |
| Recycling Tonnage Grant | \$ 6,885.84 | \$ 6,885.84 | \$ 6,885.84 | \$ | \$ |
| Sustainable Communities Education & Outreach | 2,000.00 | 2,000.00 | 2,000.00 | | |
| Matching Funds for Grants | 15,000.00 | 15,000.00 | 15,000.00 | | |
| TOTAL OPERATIONS EXCLUDED FROM "CAPS" | \$ 545,405.84 | \$ 545,900.84 | \$ 476,162.76 | \$ 69,738.08 | |
| <u>CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS"</u> | | | | | |
| Capital Improvement Fund | \$ 5,000.00 | \$ 5,000.00 | \$ 5,000.00 | \$ | \$ |
| TOTAL CAPITAL IMPROVEMENTS-EXCLUDED FROM "CAPS" | \$ 5,000.00 | \$ 5,000.00 | \$ 5,000.00 | | |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | <u>APPROPRIATIONS</u> | | <u>EXPENDED</u> | | |
|-------------------------------------------------------------------------------------|------------------------|--------------------------------------|----------------------------|----------------------|--------------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | <u>CANCELED</u> |
| <u>MUNICIPAL DEBT SERVICE-EXCLUDED FROM "CAPS"</u> | | | | | |
| Payment of Bond Principal | \$ 725,000.00 | \$ 725,000.00 | \$ 725,000.00 | | \$ |
| Payment of Bond Anticipation and Capital Notes | 145,366.00 | 145,366.00 | 145,366.00 | | |
| Interest on Bonds | 334,506.26 | 334,506.26 | 334,506.26 | | |
| Interest on Notes | 138,000.00 | 138,000.00 | 130,283.61 | | 7,716.39 |
| Loan Repayments for Principal and Interest (Enviro. Infrastructure Loan) | 77,027.10 | 77,027.10 | 76,927.02 | | 100.08 |
| TOTAL MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS" | \$ 1,419,899.36 | \$ 1,419,899.36 | \$ 1,412,082.89 | | \$ 7,816.47 |
| <u>DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL</u> | | | | | |
| Deferred Charges: | | | | | |
| Special Emergency Authorizations - 5 years (40A:4-53) | \$ 65,000.00 | \$ 65,000.00 | \$ 65,000.00 | | \$ |
| Emergency Authorizations | 15,000.00 | 15,000.00 | 15,000.00 | | |
| TOTAL DEFERRED CHARGES - MUNICIPAL - EXCLUDED FROM "CAPS" | \$ 80,000.00 | \$ 80,000.00 | \$ 80,000.00 | | \$ |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS" | 2,050,305.20 | 2,050,800.20 | 1,973,245.65 | 69,738.08 | 7,816.47 |
| SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES | \$ 9,033,614.80 | \$ 9,673,614.80 | \$ 9,221,940.60 | \$ 443,857.73 | \$ 7,816.47 |
| TOTAL GENERAL APPROPRIATIONS | \$ 9,433,614.80 | \$ 10,073,614.80 | \$ 9,621,940.60 | \$ 443,857.73 | \$ 7,816.47 |
| | <u>REF.</u> | <u>A-2</u> | | <u>A-1</u> | <u>A:A-1</u> |
| Budget | A-3 | | \$ 9,433,614.80 | | |
| Emergency Appropriation 40A:4-53 | A-19 | | 640,000.00 | | |
| | | | \$ 10,073,614.80 | | |
| State and Federal Programs | A-22 | | \$ 23,885.84 | | |
| Reserve for Uncollected Taxes | A-2 | | 400,000.00 | | |
| Reserve for Snow Removal | A-31 | | 13,567.19 | | |
| Reserve for Library | A-29 | | 31,859.03 | | |
| Encumbrances Payable | A-24 | | 586,408.67 | | |
| Reserve for Tax Appeals | A-28 | | 10,000.00 | | |
| Deferred Charges | A-19 | | 80,000.00 | | |
| Cash Disbursements | A-4 | | 8,919,383.59 | | |
| | | | 10,065,104.32 | | |
| Less: Refunds | A-4 | | 443,163.72 | | |
| | | | \$ 9,621,940.60 | | |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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TRUST FUND

"B"

BOROUGH OF FANWOOD

TRUST FUND

BALANCE SHEETS-REGULATORY BASIS

| <u>ASSETS</u> | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2020</u> | <u>BALANCE DECEMBER 31, 2019</u> |
|---------------------------------------------------------|-------------|------------------------------------------|------------------------------------------|
| Assessment Trust Fund: | | | |
| Assessment Liens | B-3 | \$ 318.56 | \$ 318.56 |
| | | <u>\$ 318.56</u> | <u>\$ 318.56</u> |
| Animal Control Trust Fund: | | | |
| Cash | | | \$ 3,274.54 |
| Deficit to be Raised in Succeeding Years Budget | B-8 | 2,419.06 | |
| | | <u>\$ 2,419.06</u> | <u>\$ 3,274.54</u> |
| Other Trust Funds: | | | |
| Cash | B-1 | \$ 1,084,455.23 | \$ 1,068,786.64 |
| Due County of Union - Community Development Block Grant | B-2 | 11,035.00 | 11,035.00 |
| | | <u>\$ 1,095,490.23</u> | <u>\$ 1,079,821.64</u> |
| | | <u>\$ 1,098,227.85</u> | <u>\$ 1,083,414.74</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Assessment Trust Fund: | | | |
| Due Current Fund | B-4 | \$ 318.56 | \$ 318.56 |
| | | <u>\$ 318.56</u> | <u>\$ 318.56</u> |
| Animal Control Trust Fund: | | | |
| Cash Overdraft | B-1 | \$ 2,418.48 | |
| Due Current Fund | B-4 | 0.58 | 4.34 |
| Reserve for Animal Control Fund Expenditures | B-8 | - | 3,270.20 |
| | | <u>\$ 2,419.06</u> | <u>\$ 3,274.54</u> |
| Other Trust Funds: | | | |
| Due Current Fund | B-4 | \$ 9,891.75 | \$ 27,320.61 |
| Reserve For: | | | |
| Unemployment Compensation Insurance | B-6 | 7,882.94 | 2,487.86 |
| Community Development Block Grant | B-7 | 13,655.30 | 13,655.30 |
| Builders Escrow | B-9 | 46,070.31 | 74,568.99 |
| Zoning Escrow Trust | B-10 | 36,140.90 | 28,304.93 |
| Redevelopers Escrow | B-11 | 5,965.25 | 5,837.14 |
| Recreation Trust | B-12 | 104,242.07 | 128,201.09 |
| Law Enforcement Trust | B-13 | 10,326.74 | 13,647.72 |
| Developers Housing Escrow | B-14 | 262,176.48 | 233,101.59 |
| Library Fund | B-15 | 90,878.06 | 84,309.01 |
| Tax Sale Premiums and Redemptions | B-16 | 83,347.11 | 89,357.11 |
| Cell Tower Deposits | B-17 | 18,628.29 | 18,628.29 |
| Payroll Deductions | B-18 | 27,008.96 | 29,074.25 |
| Police Off-Duty Pay | B-19 | 19,227.57 | 5,716.41 |
| Municipal Open Space | B-20 | 83,091.10 | 55,698.03 |
| Construction Code Enforcement | B-21 | 161,975.48 | 164,248.85 |
| Green Acres | B-22 | 1.00 | 1.00 |
| Miscellaneous Trust Deposits | B-5 | 114,980.92 | 105,663.46 |
| | | <u>\$ 1,095,490.23</u> | <u>\$ 1,079,821.64</u> |
| | | <u>\$ 1,098,227.85</u> | <u>\$ 1,083,414.74</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL CAPITAL FUND

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
BALANCE SHEETS-REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER <u>31, 2020</u> | BALANCE DECEMBER <u>31, 2019</u> |
|-----------------------------------------------|-------------|----------------------------------------|----------------------------------------|
| <u>ASSETS</u> | | | |
| Cash | C-2 | \$ 1,415,255.12 | \$ 1,790,715.38 |
| Grants Receivable | C-13 | 5,386,694.08 | 1,730,444.08 |
| Due Scotch Plains-Fanwood Board of Education | C-5 | 6,000.00 | 6,000.00 |
| Due Sewer Utility Operating Fund | C-16 | 200,000.00 | |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-6 | 10,719,728.73 | 11,511,962.07 |
| Unfunded | C-7 | 9,809,623.79 | 5,729,989.79 |
| | | <u>\$ 27,537,301.72</u> | <u>\$ 20,769,111.32</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| General Serial Bonds | C-11 | \$ 9,840,000.00 | \$ 10,565,000.00 |
| Bond Anticipation Note | C-12 | 5,349,634.00 | 4,350,000.00 |
| NJEIT Loan Payable | C-15 | 879,728.73 | 946,962.07 |
| Due Current Fund | C-4 | 5,189.18 | 780.28 |
| Improvement Authorizations-Funded | C-9 | 4,677,079.89 | 1,226,005.65 |
| Improvement Authorizations-Unfunded | C-9 | 5,654,184.66 | 2,078,624.33 |
| Contracts Payable | C-10 | 1,122,304.48 | 1,575,152.92 |
| Capital Improvement Fund | C-8 | 8,445.78 | 3,445.78 |
| Reserve for Debt Service | C-14 | | 405.29 |
| Fund Balance | C-1 | 735.00 | 22,735.00 |
| | | <u>\$ 27,537,301.72</u> | <u>\$ 20,769,111.32</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

"C-1"

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE-REGULATORY BASIS

| | <u>REF.</u> | |
|---------------------------------------|-------------|------------------|
| Balance, December 31, 2019 | C | \$ 22,735.00 |
| Decreased by: | | |
| Anticipated as Revenue in 2020 Budget | C-2 | <u>22,000.00</u> |
| Balance, December 31, 2020 | C | <u>\$ 735.00</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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SEWER UTILITY FUND

"D"

BOROUGH OF FANWOOD

SEWER UTILITY FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2020</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u> |
|------------------------------------------------------|-------------|------------------------------------------------------|------------------------------------------------------|
| <u>ASSETS</u> | | | |
| Operating Fund: | | | |
| Cash | D-4 | \$ 187,543.30 | \$ 66,490.59 |
| Special Emergency - COVID 19 | D-17 | <u>120,157.57</u> | <u>66,490.59</u> |
| | | 307,700.87 | 66,490.59 |
| Receivables with Full Reserves: | | | |
| User Accounts Receivable | D-6 | <u>108,871.05</u> | <u>8,318.93</u> |
| | | <u>\$ 416,571.92</u> | <u>\$ 74,809.52</u> |
| <u>Total Operating Fund</u> | | | |
| Capital Fund: | | | |
| Cash | D-4 | \$ 189,120.75 | \$ 98,064.09 |
| Fixed Capital Authorized and Uncompleted | D-14 | 320,000.00 | 170,000.00 |
| Due Sewer Operating Fund | D-8 | <u>69,879.25</u> | <u>29,935.91</u> |
| | | <u>\$ 579,000.00</u> | <u>\$ 298,000.00</u> |
| <u>Total Capital Fund</u> | | | |
| | | <u>\$ 995,571.92</u> | <u>\$ 372,809.52</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | D-3:D-12 | \$ 15,281.48 | \$ 1,747.16 |
| Encumbrances Payable | D-9 | 106.90 | 4,714.85 |
| Overpayments | D-10 | 15.16 | 15.16 |
| Due Current Fund | D-7 | 9,746.92 | |
| Due Sewer Capital Fund | D-7 | 69,879.25 | 29,935.91 |
| Due General Capital Fund | D-7 | <u>200,000.00</u> | <u>36,413.08</u> |
| | | 295,029.71 | 36,413.08 |
| Reserve for Receivables | D | 108,871.05 | 8,318.93 |
| Fund Balance | D-1 | <u>12,671.16</u> | <u>30,077.51</u> |
| | | <u>\$ 416,571.92</u> | <u>\$ 74,809.52</u> |
| <u>Total Operating Fund</u> | | | |
| Capital Fund: | | | |
| Capital Improvement Fund | D-11 | \$ 23,500.00 | \$ 30,000.00 |
| Bond Anticipation Notes | D-16 | 280,000.00 | 150,000.00 |
| Encumbrances Payable | D-13 | 93,200.00 | 93,000.00 |
| Deferred Reserve for Amortizations | D-18 | 7,500.00 | |
| Improvement Authorizations: | | | |
| Funded | D-15 | 7,300.00 | |
| Unfunded | D-15 | <u>167,600.00</u> | <u>25,000.00</u> |
| | | <u>\$ 579,000.00</u> | <u>\$ 298,000.00</u> |
| <u>Total Capital Fund</u> | | | |
| | | <u>\$ 995,571.92</u> | <u>\$ 372,809.52</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

SEWER UTILITY FUND

STATEMENTS OF OPERATIONS AND CHANGES
IN OPERATING FUND BALANCE-REGULATORY BASIS

| | <u>REF.</u> | YEAR ENDED DECEMBER <u>31, 2020</u> | YEAR ENDED DECEMBER <u>31, 2019</u> |
|----------------------------------------------------|-------------|-------------------------------------------|-------------------------------------------|
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | |
| Fund Balance Utilized | D-3 | \$ 25,000.00 | \$ |
| Sewer Use Charges | D-2:D-4 | \$ 428,767.43 | \$ 276,603.85 |
| Sewer Connection Fees | D-2:D-4 | | 2,000.00 |
| Non-Budget Revenue | D-2:D-4 | 2,346.49 | 2,852.41 |
| Special Emergency - COVID-19 - Deficit in Revenues | D-17 | 120,157.57 | |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | D-12 | <u>1,747.16</u> | <u>18,235.45</u> |
| <u>Total Income</u> | | \$ <u>578,018.65</u> | \$ <u>299,691.71</u> |
| <u>EXPENDITURES</u> | | | |
| Operating | D-3 | \$ 567,145.00 | \$ 268,947.49 |
| Capital Improvements | D-3 | 1,000.00 | 5,000.00 |
| Debt Service | D-3 | <u>2,280.00</u> | |
| <u>Total Expenditures</u> | | \$ <u>570,425.00</u> | \$ <u>273,947.49</u> |
| Excess in Revenue | | \$ 7,593.65 | \$ 25,744.22 |
| <u>Fund Balance</u> | | | |
| Balance, January 1 | D | <u>30,077.51</u> | <u>4,333.29</u> |
| | | \$ <u>37,671.16</u> | \$ <u>30,077.51</u> |
| Decreased by: | | | |
| Utilization by Swimming Pool Operating Budget | D-1:D-2 | \$ <u>25,000.00</u> | \$ |
| | | \$ <u>25,000.00</u> | \$ |
| Balance, December 31 | D | \$ <u><u>12,671.16</u></u> | \$ <u><u>30,077.51</u></u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

"D-2"

BOROUGH OF FANWOOD

SEWER UTILITY OPERATING FUND

STATEMENT OF REVENUES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | <u>REF.</u> | <u>ANTICIPATED</u> | <u>REALIZED</u> | <u>EXCESS OR (DEFICIT)</u> |
|------------------------------|-------------|----------------------|----------------------|------------------------------------|
| Fund Balance Utilized | D-1 | \$ 25,000.00 | \$ 25,000.00 | \$ |
| Sewer Use Charges | D-1:D-4 | 276,603.85 | 276,603.85 | |
| Sewer Connection Fees | D-1:D-4 | 2,000.00 | | (2,000.00) |
| Additional Sewer Use Charges | D-1:D-4 | 270,321.15 | 152,163.58 | (118,157.57) |
| Miscellaneous Revenue | D-1:D-4 | <u>1,500.00</u> | <u>2,346.49</u> | <u>846.49</u> |
| | | <u>\$ 575,425.00</u> | <u>\$ 456,113.92</u> | <u>\$ (119,311.08)</u> |
| | <u>REF.</u> | | D-3 | |

ANALYSIS OF REALIZED REVENUE

| | | |
|-------------------------------|-----|----------------------|
| Consumer Accounts Receivable: | | |
| Sewer Use Charges | | \$ 276,603.85 |
| Additional Sewer Use Charges | | <u>152,163.58</u> |
| | D-4 | <u>\$ 428,767.43</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF FANWOOD

SEWER UTILITY OPERATING FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

| | <u>APPROPRIATIONS</u> | | <u>EXPENDED</u> | | |
|-----------------------------------|-----------------------|--------------------------------------|----------------------------|---------------------|--------------------|
| | <u>BUDGET</u> | <u>BUDGET AFTER MODIFICATION</u> | <u>PAID OR CHARGED</u> | <u>RESERVED</u> | <u>CANCELED</u> |
| Operating: | | | | | |
| Salaries and Wages | \$ 45,000.00 | 45,000.00 | \$ 35,990.92 | \$ 9,009.08 | \$ |
| Other Expenses | <u>527,145.00</u> | <u>527,145.00</u> | <u>515,872.60</u> | <u>6,272.40</u> | <u>5,000.00</u> |
| <u>Total Operating</u> | <u>\$ 572,145.00</u> | <u>572,145.00</u> | <u>\$ 551,863.52</u> | <u>\$ 15,281.48</u> | <u>\$ 5,000.00</u> |
| Capital Improvements: | | | | | |
| Capital Improvement Fund | \$ <u>1,000.00</u> | <u>1,000.00</u> | \$ <u>1,000.00</u> | \$ | \$ |
| <u>Total Capital Improvements</u> | <u>\$ 1,000.00</u> | <u>1,000.00</u> | <u>\$ 1,000.00</u> | \$ | \$ |
| Debt Service: | | | | | |
| Interest on Notes | \$ <u>2,280.00</u> | \$ <u>2,280.00</u> | \$ <u>2,280.00</u> | \$ | \$ |
| <u>Total Debt Service</u> | <u>\$ 2,280.00</u> | <u>\$ 2,280.00</u> | <u>\$ 2,280.00</u> | \$ | \$ |
| | <u>\$ 575,425.00</u> | <u>575,425.00</u> | <u>\$ 555,143.52</u> | <u>\$ 15,281.48</u> | <u>\$ 5,000.00</u> |
| REF. | | D-2 | | D | |
| Encumbrances Payable | D-9 | | \$ 106.90 | | |
| Disbursements | D-4 | | <u>555,036.62</u> | | |
| | | | <u>\$ 555,143.52</u> | | |

The accompanying Notes to the Financial Statements are an integral part of this statement.

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GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF FANWOOD

GENERAL FIXED ASSET ACCOUNT GROUP

BALANCE SHEETS-REGULATORY BASIS

| | BALANCE DECEMBER <u>31, 2020</u> | BALANCE DECEMBER <u>31, 2019</u> |
|-------------------------------------|----------------------------------------|----------------------------------------|
| Fixed Assets: | | |
| Buildings | \$ 1,124,600.00 | \$ 1,124,600.00 |
| Land | 3,614,773.00 | 3,614,773.00 |
| Machinery and Equipment | <u>6,157,859.19</u> | <u>5,864,877.12</u> |
| | \$ <u>10,897,232.19</u> | \$ <u>10,604,250.12</u> |
| Reserve: | | |
| Investments in General Fixed Assets | \$ <u>10,897,232.19</u> | \$ <u>10,604,250.12</u> |

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF FANWOOD

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020 AND 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Fanwood is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

Except as noted below, the financial statements of the Borough of Fanwood include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Fanwood, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Fanwood do not include the operations of the regional school district, inasmuch as its activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Borough of Fanwood 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 financial transactions and accounts of the Borough of Fanwood are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services, the Borough accounts for its financial transactions through the following individual funds and account groups:

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds

Trust Fund - receipts, custodianship and disbursements of funds in accordance with the purpose for which each reserve was created

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund

Sewer Utility Operating and Capital Funds - account for the operations and acquisition of capital facilities of the municipality owned Sewer utility

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that have been acquired by other governmental funds

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Operating grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled 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 during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under, GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

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 Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

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.

The General Fixed Assets that have been acquired and that are utilized in the Current and General Capital Funds are instead accounted for in the General Fixed Asset Account Group. No depreciation has been provided on general fixed assets or reported in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

Fixed Capital - Sewer Utility - Accounting for utility fund "fixed capital" remains uncharged under N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets.

Property and equipment purchased by the Sewer Utility Fund are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. The fixed capital reported is as taken from the municipal records and does not necessarily reflect the true condition of such fixed capital. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization account in the utility capital fund represents charges to operations for the cost of acquisition of property, equipment and improvements. The utility does not record depreciation on fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions

Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension and Benefits reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2020 was not available, therefore the information dated June 30, 2019 is disclosed.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers petty cash, change funds, cash in banks, deposits in the New Jersey Cash Management Fund and certificates of deposit as cash and cash equivalents.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements for the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

The Borough of Fanwood had the following cash and cash equivalents at December 31, 2020:

| Fund Type | Reconciling Items | | | Petty Cash / Change Funds | Reconciled Balance |
|---------------------------------|------------------------|---------------------|----------------------|------------------------------|------------------------|
| | Bank Balance | Additions | Deletions | | |
| Current Fund | \$ 3,726,833.71 | \$ 35,148.81 | \$ 129,470.16 | \$ 750.00 | \$ 3,633,262.36 |
| Animal Control Trust Fund | (2,418.48) | | | | (2,418.48) |
| Trust Other Fund | 975,128.82 | 30,508.76 | 4,273.45 | | 1,001,364.13 |
| Municipal Open Space Trust Fund | 83,091.10 | | | | 83,091.10 |
| General Capital Fund | 1,419,992.18 | | 4,737.06 | | 1,415,255.12 |
| Sewer Utility Operating Fund | 199,983.02 | | 12,439.72 | | 187,543.30 |
| Sewer Utility Capital Fund | 189,120.75 | | | | 189,120.75 |
| <u>Total December 31, 2020</u> | <u>\$ 6,591,731.10</u> | <u>\$ 65,657.57</u> | <u>\$ 150,920.39</u> | <u>\$ 750.00</u> | <u>\$ 6,507,218.28</u> |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2020, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$850,845.61 was covered by Federal Depository Insurance and \$5,492,760.52 was covered under the provisions of NJGUDPA. \$248,124.97 is invested in the New Jersey Cash Management fund (cash equivalents) and is uninsured.

B. Investments

The purchase of investments by the Borough is strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following types of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
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 that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, 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) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

- d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and
- e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2020, the Borough has \$248,124.97 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risk for its investments, nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds. A summary of bond and note transactions for the year ended December 31, 2020 are detailed on Exhibits "C-11", "C-12" and "D-19".

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT OPERATING DEBT AND TYPE II SCHOOL DEBT)

| | <u>YEAR 2020</u> | <u>YEAR 2019</u> | <u>YEAR 2018</u> |
|-----------------------------------------------------------------|-----------------------------|-------------------------|-----------------------------|
| Issued: | | | |
| General: | | | |
| Bonds, Notes and Loans | \$ 16,069,362.73 | \$ 15,861,962.07 | \$ 15,299,195.41 |
| Sewer Utility: | | | |
| Bonds and Notes | <u>280,000.00</u> | <u>150,000.00</u> | <u> </u> |
| Net Debt Issued | <u>16,349,362.73</u> | <u>16,011,962.07</u> | <u>15,299,195.41</u> |
| Less: Reserve to Pay Bonds and Notes | <u> </u> | <u>405.29</u> | <u>45,405.29</u> |
| | <u>\$ 16,349,362.73</u> | <u>\$ 16,011,556.78</u> | <u>\$ 15,253,790.12</u> |
| <u>Authorized But Not Issued</u> | | | |
| General: | | | |
| Bonds and Notes | 4,505,184.79 | 1,423,934.79 | 1,334,434.79 |
| Assessment Trust: | | | |
| Bonds and Notes | 318.56 | 318.56 | 318.56 |
| Sewer Utility: | | | |
| Bonds and Notes | <u>32,500.00</u> | <u>20,000.00</u> | <u> </u> |
| Total Authorized But Not Issued | <u>4,538,003.35</u> | <u>1,444,253.35</u> | <u>1,334,753.35</u> |
| Net Bonds and Notes Issued and and Authorized But Not Issued | <u>\$ 20,887,366.08</u> | <u>\$ 17,455,810.13</u> | <u>\$ 16,588,543.47</u> |

SUMMARY OF STATUTORY DEBT CONDITION (ANNUAL DEBT STATEMENT)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement as amended and indicates a statutory net debt of 1.62%.

| | <u>GROSS DEBT</u> | <u>DEDUCTIONS</u> | <u>NET DEBT</u> |
|-------------------------------|-------------------------|------------------------|-------------------------|
| Regional School District Debt | \$ 1,294,500.00 | \$ 1,294,500.00 | \$ -0- |
| Sewer Utility Debt | 312,500.00 | 312,500.00 | -0- |
| General Debt | <u>20,574,866.08</u> | <u>-0-</u> | <u>20,574,866.08</u> |
| | <u>\$ 22,181,866.08</u> | <u>\$ 1,607,000.00</u> | <u>\$ 20,574,866.08</u> |

NET DEBT \$20,574,866.08 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S. 40A:2-2, AS AMENDED, \$1,266,890,259.33 EQUALS 1.62%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

| | |
|------------------------------------------------|-------------------------------|
| Equalized Valuation Basis* - December 31, 2020 | \$1,266,890,259.33 |
| 3-1/2 of Equalized Valuation Basis | 44,341,159.08 |
| Net Debt | <u>20,574,866.08</u> |
| Remaining Borrowing Power | <u><u>\$23,766,293.00</u></u> |

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Borough for the last three (3) preceding years.

CALCULATION OF "SELF-LIQUIDATING PURPOSE" SEWER UTILITY PER N.J.S.A. 40A:2-45

| | |
|---------------------------------------------------------------------------------------------|-------------------------------|
| Surplus Anticipated and Total Cash Receipts from Fees, Rents, or Other Charges for the Year | \$ 456,113.92 |
| Deductions: | |
| Operating and Maintenance Cost | \$ 567,145.00 |
| Debt Service | <u>2,280.00</u> |
| Total Deductions | <u>569,425.00</u> |
| Deficit in Revenues (Not Self-Liquidating) | <u><u>\$ (113,311.08)</u></u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BOND ANTICIPATION NOTES

| | <u>Interest Rate</u> | <u>Issue and Maturity Dates</u> | <u>Amount</u> |
|----------------------|----------------------|---------------------------------|-----------------------|
| General Capital Fund | 2.50% | 04/14/20 to 04/13/21 | \$4,754,634.00 |
| | 0.73% | 07/23/20 to 07/08/21 | 595,000.00 |
| | | | <u>\$5,349,634.00</u> |
| Sewer Capital Fund | 2.50% | 04/14/20 to 04/13/21 | \$150,000.00 |
| | 0.73% | 07/23/20 to 07/08/21 | \$130,000.00 |
| | | | <u>\$280,000.00</u> |

EMERGENCY NOTES PAYABLE

| | <u>Interest Rate</u> | <u>Issue and Maturity Dates</u> | <u>Amount</u> |
|----------------|----------------------|---------------------------------|---------------------|
| Emergency Note | 2.25% | 06/09/20 to 07/08/21 | \$298,000.00 |
| Emergency Note | 0.73% | 07/23/20 to 07/08/21 | 50,000.00 |
| | | | <u>\$348,000.00</u> |

LONG-TERM DEBT – ISSUED

General Serial Bonds:

**OUTSTANDING
BALANCE
DECEMBER
31, 2020**

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| \$6,240,000.00 2016 Bonds due in annual remaining installments of \$250,000.00 to \$500,000 through September 2033 at interest rates between 2.000% and 3.000%. | \$5,240,000.00 |
| \$3,200,000.00 2008 Bonds due in annual remaining installments of \$300,000.00 to \$350,000.00 through July 2023 at interest rates between 4.350% and 4.400%. | \$1,050,000.00 |
| \$4,600,000.00 2013 Bonds due in annual remaining installments of \$170,000.00 to \$240,000.00 through August 2036 at interest rates between 3.250% and 4.500%. | <u>\$3,550,000.00</u> |
| | <u>\$9,840,000.00</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

| Environmental Infrastructure Loans: | OUTSTANDING BALANCE DECEMBER 31, 2020 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| \$350,000.00 2014 Loan due in annual remaining installments of \$15,000.00 to \$25,000.00 through August 2033 at interest rates between 3.00% and 5.00%. | \$255,000.00 |
| \$1,027,255.50 2004 Interest Free Loan due in annual remaining installments between \$52,233.34 to \$50,161.99 through August 2032 | <u>\$624,728.73</u> |
| | <u>\$879,728.73</u> |

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

At December 31, 2020, the Borough has authorized but not issued bonds and notes as follows:

| | |
|-----------------------|-----------------------|
| General Capital Fund | <u>\$4,505,184.79</u> |
| Assessment Trust Fund | <u>\$ 318.56</u> |
| Sewer Capital Fund | <u>\$ 32,500.00</u> |

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2020

| <u>YEAR</u> | <u>GENERAL CAPITAL</u> | | <u>TOTAL</u> |
|-------------|------------------------|-----------------------|------------------------|
| | <u>PRINCIPAL</u> | <u>INTEREST</u> | |
| 2021 | 780,000.00 | 306,068.76 | 1,086,068.76 |
| 2022 | 785,000.00 | 277,493.76 | 1,062,493.76 |
| 2023 | 795,000.00 | 248,118.76 | 1,043,118.76 |
| 2024 | 640,000.00 | 218,393.76 | 858,393.76 |
| 2025 | 655,000.00 | 198,193.76 | 853,193.76 |
| 2026-2030 | 3,270,000.00 | 745,318.80 | 4,015,318.80 |
| 2031-2035 | 2,675,000.00 | 279,643.76 | 2,954,643.76 |
| 2036 | <u>240,000.00</u> | <u>10,800.00</u> | <u>250,800.00</u> |
| | <u>\$9,840,000.00</u> | <u>\$2,284,031.36</u> | <u>\$12,124,031.36</u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR ENVIRONMENTAL INFRASTRUCTURE LOAN DEBT ISSUED AND
OUTSTANDING AS OF DECEMBER 31, 2020

| CALENDAR YEAR | TOTAL | TRUST LOAN | | FUND LOAN |
|------------------|---------------------|---------------------|--------------------|---------------------|
| | | PRINCIPAL | INTEREST | PRINCIPAL |
| 2021 | 76,277.10 | 15,000.00 | 9,043.76 | 52,233.34 |
| 2022 | 75,527.10 | 15,000.00 | 8,293.76 | 52,233.34 |
| 2023 | 74,777.10 | 15,000.00 | 7,543.76 | 52,233.34 |
| 2024 | 79,027.10 | 20,000.00 | 6,793.76 | 52,233.34 |
| 2025 | 78,027.10 | 20,000.00 | 5,793.76 | 52,233.34 |
| 2026-2030 | 381,135.50 | 100,000.00 | 19,968.80 | 261,166.70 |
| 2031-2033 | <u>176,995.35</u> | <u>70,000.00</u> | <u>4,600.02</u> | <u>102,395.33</u> |
| | <u>\$941,766.35</u> | <u>\$255,000.00</u> | <u>\$62,037.62</u> | <u>\$624,728.73</u> |

NOTE 4: FUND BALANCES APPROPRIATED

Fund Balance at December 31, 2020, which was appropriated and included as anticipated revenue in its own respective fund for the year ending December 31, 2021, was as follows:

| | |
|--------------------|----------------------|
| Current Fund | <u>\$ 700,000.00</u> |
| Sewer Utility Fund | <u>\$ -0-</u> |

NOTE 5: PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and are payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the County and the Regional School District. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes Collected in Advance - Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

| | BALANCE DECEMBER 31, <u>2020</u> | BALANCE DECEMBER 31, <u>2019</u> |
|---------------|----------------------------------------|----------------------------------------|
| Prepaid Taxes | <u>\$216,560.13</u> | <u>\$136,357.92</u> |

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

Plan Descriptions

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

NOTE 6: PENSION PLANS (CONTINUED)

Vesting and Benefit Provisions (Continued)

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. 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 life 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 local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2020, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2020, the State contributed an amount less than the actuarially determined amount. During 2020, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$803,278.00 for 2020, \$776,501.00 for 2019 and \$708,883.00 for 2018.

Certain Borough employees are also covered by Federal Insurance Contribution Act.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2020. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2020.

Public Employees Retirement System (PERS)

At June 30, 2020, the State reported a net pension liability of \$3,375,248.00 for the Borough of Fanwood's proportionate share of the total net pension liability. The 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. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Borough's proportion was 0.0206976636 percent, which was an increase of 0.0004698544 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the State recognized an actuarially determined pension expense of \$30,710.00 for the Borough of Fanwood's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statement based on the April 1, 2020 billing was \$196,757.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------|
| Differences between expected and actual experience | \$ 61,458.00 | \$ 11,936.00 |
| Changes of assumptions | 109,497.00 | 1,413,248.00 |
| Net difference between projected and actual earnings on pension plan investments | 115,369.00 | |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | <u>85,283.00</u> | <u>139,135.00</u> |
| | <u>\$ 371,607.00</u> | <u>\$ 1,564,319.00</u> |

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

| <u>Year Ended June 30,</u> | <u>Amount</u> |
|--------------------------------|-------------------------|
| 2021 | (\$434,302.40) |
| 2022 | (396,902.40) |
| 2023 | (231,435.40) |
| 2024 | (100,003.40) |
| 2025 | <u>(30,068.40)</u> |
| | <u>(\$1,192,712.00)</u> |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

| | <u>June 30, 2020</u> |
|---------------------------|------------------------------|
| Inflation | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | |
| Though 2026 | 2.00-6.00% |
| Thereafter | 3.00-7.00% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at both June 30, 2020 and June 30, 2019) 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>Assets 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. Treasury | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.28% as of June 30, 2020 and June 30, 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Borough's proportionate share of net pension liability to changes in the discount rate

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

| | June 30, 2020 | | |
|-----------------------------------------------------------|--------------------------------|---------------------------------------------|--------------------------------|
| | 1% Decrease <u>6.00%</u> | At Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
| Borough's proportionate share of the pension liability | \$4,248,874.00 | \$3,375,248.00 | \$2,633,952.00 |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS)

At June 30, 2020, the State reported a net pension liability of \$6,955,244.00 for the Borough of Fanwood's proportionate share of the total PFRS net pension liability. The 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. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2020, the Borough's proportion was 0.0538276664 percent, which was a decrease of 0.0025731874 percent from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the State recognized an actuarially determined pension expense of \$411,520.00. The pension expense recognized in the Borough's financial statement based on the April 1, 2020 billing was \$569,711.00.

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|--------------------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------|
| Differences between expected and actual experience | \$ 70,121.00 | \$ 24,962.00 |
| Changes of assumptions | 17,503.00 | 1,864,659.00 |
| Net difference between projected and actual earnings on pension plan investments | 407,819.00 | |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | <u>341,052.00</u> | <u>406,390.00</u> |
| | <u>\$ 836,495.00</u> | <u>\$ 2,296,011.00</u> |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended | | Amount |
|----------------|----|-----------------------|
| <u>June 30</u> | | |
| 2021 | \$ | (663,682.60) |
| 2022 | | (452,153.60) |
| 2023 | | (191,822.60) |
| 2024 | | (80,594.60) |
| 2025 | | <u>(71,262.60)</u> |
| | \$ | <u>(1,459,516.00)</u> |

Actuarial Assumptions

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

| | <u>June 30, 2020</u> |
|---------------------------|------------------------------|
| Inflation | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | |
| Through All Future Years | 3.25-15.25% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, 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 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.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions (Continued)

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.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at both June 30, 2020 and June 30, 2019) 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 PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

| <u>Assets 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. Treasury | 5.00% | 1.94% |
| Risk Mitigation Strategies | 3.00% | 3.40% |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% and 6.85% as of June 30, 2020 and June 30, 2019, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate

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

| | June 30, 2020 | | |
|----------------------------------------------------------------|--------------------------------|---------------------------------------------|--------------------------------|
| | 1% Decrease <u>6.00%</u> | At Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
| Borough's proportionate share of the PFRS pension liability | \$9,249,043.00 | \$6,955,244.00 | \$5,050,069.00 |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

At June 30, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,079,422.00 and \$1,089,876.00, respectively.

At June 30, 2020, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

| | |
|-------------------------------------------------------------------------------------------------|-----------------------|
| Borough's Proportionate Share of Net Pension Liability | \$6,955,244.00 |
| State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough | <u>1,079,422.00</u> |
| | <u>\$8,034,666.00</u> |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 8: SCHOOL TAXES

Regional School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund as follows:

| | <u>REGIONAL SCHOOL TAX</u> | |
|----------------------|----------------------------|----------------------|
| | <u>BALANCE</u> | <u>BALANCE</u> |
| | <u>DECEMBER</u> | <u>DECEMBER</u> |
| | <u>31, 2020</u> | <u>31, 2019</u> |
| Balance of Tax | \$11,896,086.23 | \$10,213,799.23 |
| Deferred | <u>10,246,974.00</u> | <u>10,300,858.50</u> |
| Tax Payable(Prepaid) | <u>\$1,649,112.23</u> | <u>(\$87,059.27)</u> |

NOTE 9: TERMINATION BENEFITS

Under existing contracts and policies of the Borough, employees, upon attaining retirement, accumulate benefits which may be taken as time off or paid in a lump sum. The accumulated cost of such unpaid termination compensation is not required to be reported in the financial statements as presented. The Borough has estimated its liability to be \$79,764.52. The Borough annually appropriates the amounts that are required to be paid in that year's budget and no liability is accrued at December 31, 2020.

NOTE 10: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are 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.

NOTE 11: 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. The Borough participates in a self insurance program through the Garden State Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments is based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

| <u>Year</u> | <u>Borough Contributions and Interest</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|-------------------------------------------|-------------------------------|--------------------------|-----------------------|
| 2020 | \$ 57.93 | \$ 6,137.65 | \$ 800.50 | \$ 7,882.04 |
| 2019 | 38.36 | 5,599.39 | 3,155.71 | 2,486.96 |
| 2018 | 19.66 | 5,191.25 | 5,541.18 | 4.92 |

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

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

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|------------------------------|-----------------------------|--------------------------|
| Current Fund | \$25,146.99 | |
| Assessment Trust Fund | | \$318.56 |
| Animal Control Fund | | 0.58 |
| Trust Other Fund | | 9,891.75 |
| General Capital Fund | 200,000.00 | 5,189.18 |
| Sewer Utility Operating Fund | | 279,626.17 |
| Sewer Utility Capital Fund | 69,879.25 | |
| | <u>\$295,026.24</u> | <u>\$295,026.24</u> |

All balances resulted from the time lag between the dates that payments between the funds are made.

NOTE 13: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

All assets of the plan are held by an independent administrator, the Lincoln National Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 14: LENGTH OF SERVICE AWARDS PROGRAM

The Borough of Fanwood adopted an ordinance establishing a Length of Service Awards Program for the members of the Fanwood Volunteer Fire Department and the Fanwood Volunteer First Aid Squad pursuant to N.J.S.A. 40A:14-183 et seq.

Under this program, each volunteer that performs the minimum amount of service will have an annual contribution deposited into a tax deferred income account that will earn interest for the volunteer. New Jersey statutes establish a minimum contribution of \$100 and a maximum contribution of \$1,150 per year, subject to annual increases as certified by the Division of Local Government Services. The cost will be budgeted annually in the budget of the Borough and amounted to \$18,630.00 in 2020.

The accompanying financial statements do not include the Borough's Length of Service Awards Program's activities. The Borough's Length of Service Awards Program's financial statements are contained in a separate review report, as required by State regulations.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" which is effective for fiscal years beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the municipality is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

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.

Contributions

The Borough's contributions to SHBP for the years ended December 31, 2019, 2018 and 2017 were \$324,099.07, \$530,448.50 and \$592,015.97 respectively, which equaled the required contributions for each year.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Total OPEB Liability

At June 30, 2019, the Plan reported a liability of \$8,115,722.00 for the Borough's proportionate share of the collective net OPEB liability. The total OPEB liability measured 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 Borough's proportion of the OPEB liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019.

At June 30, 2019, the Borough's proportion was 0.0599120 percent, which was a decrease of 0.0076800 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the State reported OPEB benefit of \$599,837.00. This OPEB expense was based on the OPEB plans June 30, 2019 measurement date.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

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

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|-------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------|
| Differences between expected and actual experience | - | \$2,373,353 |
| Changes of assumptions | - | 2,876,031 |
| Net difference between projected and actual earnings on OPEB plan investments | \$6,685 | - |
| Changes in proportion | <u>312,359</u> | <u>3,335,807</u> |
| | <u>\$319,044</u> | <u>\$8,585,191</u> |

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension (benefit)/expense as follows:

| Year Ended | <u>Amount</u> |
|------------------|----------------------|
| <u>June 30,</u> | |
| 2020 | (\$1,458,557) |
| 2021 | (1,458,557) |
| 2022 | (1,459,081) |
| 2023 | (1,459,928) |
| 2024 | (1,460,702) |
| Total Thereafter | <u>(969,324)</u> |
| | <u>(\$8,266,147)</u> |

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs

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:

| | | |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| | <u>2019</u> | <u>2018</u> |
| Inflation Rate | 2.50% | 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 Year | 3.25% to 15.25% | |
| All Pensions: | | |
| Rate Through 2026 | 1.65% to 8.98% | |
| Rate Thereafter | 2.65% to 9.98% | |
| 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 the defined benefit plan that the member is enrolled in and his or her age.

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.

Health Care 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.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Discount Rate

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. 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.

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability associated with the Borough as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the 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:

| | June 30, 2019 | | |
|---------------------------------------------------------|---------------------------|-----------------------------|---------------------------|
| | 1.00% Decrease (2.50%) | At Discount Rate (3.50%) | 1.00% Increase (4.50%) |
| Borough's proportionate share of the Net OPEB Liability | \$9,383,839 | \$8,115,722 | \$7,085,209 |

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB liability associated with the Borough as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the 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:

| | June 30, 2019 | | |
|---------------------------------------------------------|-------------------|-------------------------------|-------------------|
| | 1.00% Decrease | Healthcare Cost Trend Rate | 1.00% Increase |
| Borough's proportionate share of the Net OPEB Liability | \$6,848,669 | \$8,115,722 | \$9,732,061 |

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 16: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, the following deferred charges are shown:

| | BALANCE DECEMBER 31, <u>2020</u> | 2021 BUDGET APPROPRIATION | BALANCE TO SUCCEEDING YEARS |
|-----------------------------------|----------------------------------------|------------------------------|-----------------------------------|
| Current Fund: | | | |
| Emergency Appropriations-40A:4-53 | \$ 958,000.00 | \$ 93,000.00 | \$ 865,000.00 |
| Sewer Utility Operating Fund: | | | |
| Special Emergency - COVID-19 | 120,157.57 | | 120,157.57 |
| Animal Control Fund: | | | |
| Deficit | <u>2,419.06</u> | | <u>2,419.06</u> |
| | <u>\$ 1,080,576.63</u> | <u>\$ 93,000.00</u> | <u>\$ 987,576.63</u> |

NOTE 17: TAX APPEALS

There are several tax appeals filed requesting a reduction of assessments for the year 2020. Any reduction in assessed valuation will result in a refund of prior years’ taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51. The Borough has made provision in the amount of \$37,592.02 for these appeals in the event tax reductions are granted.

NOTE 18: TAX ABATEMENTS

The Borough negotiates property tax abatement agreements on an individual basis. The Borough has a tax abatement agreement with four entities as of December 31, 2020:

| <u>Purpose of Agreement</u> | <u>Taxes if billed at full 2020 Tax Rate</u> | <u>Received for Payments in Lieu of Taxes & Land Tax</u> | <u>Taxes Abated</u> |
|----------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------|-------------------------|
| Fanwood Crossing II - Construction of low and moderate income housing project | <u>\$ 191,392.61</u> | <u>\$ 95,223.79</u> | <u>\$ 96,168.82</u> |
| Fanwood Crossing III - Construction of low and moderate income housing project | <u>92,984.47</u> | <u>51,335.77</u> | <u>41,648.70</u> |
| 250 South Ave - Construction of low and moderate income housing project | <u>149,993.66</u> | <u>87,823.52</u> | <u>62,170.14</u> |
| Station Square at Fanwood LLC - Constuction of low and moderate income housing project | <u>141,848.72</u> | <u>105,529.08</u> | <u>36,319.64</u> |
| Total | <u>\$ 576,219.46</u> | <u>\$ 339,912.16</u> | <u>\$ 236,307.30</u> |

The full amount to be raised by taxes for support of each Government's budget is levied on properties not subject to such agreements, therefore there is no aggregate reduction of tax revenue to the Governments as a result of the abatement.

These agreements were negotiated under the Long Term Tax Exemption Law, N.J.S.A. 40A:20-1 et seq (the Law), which authorizes municipalities to enter into financial agreements with Urban Renewal Entities. An Urban Renewal Entity is a limited-dividend entity or a nonprofit entity which undertakes redevelopment projects (both commercial and residential), relocation projects for residents displaced by the redevelopment area, and low and moderate income housing projects in return for tax exemptions, or payments in lieu of taxes referred to as "annual service charges".

The Law allows annual service charges to be calculated as a percentage of either gross revenue from each unit of the project or from total project cost, if the project is not undertaken in units. In the case of low and moderate income housing projects, the annual service charge shall not exceed 15% of annual gross revenue or 2% of total project cost. For all other projects, the annual service charge shall not be less than 10% of annual gross revenue or 2% of total project cost. The Borough's abatements are categorized as low and moderate income housing projects. There are a total of five stages in the abatement period. The final four phases require the Urban Renewal Entity to remit the greater of the agreed upon annual service charge or 20%, 40%, 60% and 80%, respectively, of the amount of taxes otherwise due on the value of the land and improvements.

NOTE 18: TAX ABATEMENTS (CONTINUED)

The Law only allows for taxes on improvements to be abated. Taxes on land are billed quarterly to the Urban Renewal Entity and are credited against the annual service charges due. To administer the billing, the land value and improvement value of the abated property are separate line items in the tax assessment and collection records. The land value is billed quarterly at the total property tax rate. The improvement value is classified as exempt property (Class 15F), generating no bill.

Under the Law, abatements may provide for an exemption period of less than 30 years from the completion of the entire project or less than 35 years from the execution of the financial agreement. Further, Urban Renewal Entity profits are restricted and any excess profits are payable to the municipality as an additional annual service charge.

The Law does not provide for the recapture of abated taxes in the event an abatement recipient does not fulfill the commitment it makes in return for the tax abatement. However, in the event of default, the Borough has the right to proceed against the property pursuant to the In Rem Tax Foreclosure Act, N.J.S.A. 54:5-1 and/or may terminate the agreement. The Borough has not made any commitments as part of the agreements other than reduce taxes. The Borough is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 19: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through September 7, 2021 which is the date the financial statements were available to be issued.

Issuance of Debt:

The Borough issued \$5,348,000.00 General Obligation Bonds, Series 2021, at a net interest cost of 1.517%. The bonds are dated April 12, 2021 with a final maturity date of April 1, 2036.

The Borough issued \$1,295,000 in Notes, Series 2021B consisting of \$650,000.00 Bond Anticipation Note, \$280,000.00 Sewer Utility Note, \$341,000.00 Special Emergency Note and a \$24,000.00 Emergency Note. The Notes are dated June 7, 2021 and mature on June 6, 2022.

The Borough guaranteed a Lease Revenue Note, Series 2021, in the amount of \$2,000,000.00 issued by the Union County Improvement Authority for the financing of the Farwood Public Works Facility Project. The Note was issued August 26, 2021 and matures on August 25, 2023.

BOROUGH OF FANWOOD
SUPPLEMENTARY SCHEDULES - ALL FUNDS
YEAR ENDED DECEMBER 31, 2020

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | <u>CURRENT FUND</u> | |
|-------------------------------------------------------------------------------------|-------------|---------------------|----------------------|
| Balance, December 31, 2019 | A | \$ | 4,836,893.68 |
| Increased by Receipts: | | | |
| Taxes Receivable | A-9 | \$ | 33,704,525.74 |
| Prepaid Taxes | A-17 | | 216,560.13 |
| Tax Overpayments | A-18 | | 86,440.71 |
| Revenue Accounts Receivable | A-12 | | 1,896,142.93 |
| Miscellaneous Revenue Not Anticipated | A-2 | | 36,912.36 |
| Interfunds Receivable | A-23 | | 64,890.68 |
| Appropriations Refunds | A-3 | | 443,163.72 |
| Grants Receivable | A-5 | | 27,372.93 |
| Grants Unappropriated | A-15 | | 12,819.14 |
| State of New Jersey-Senior Citizens and Veterans Deductions-Chapter 20, P.L.1971 | A-8 | | 41,977.41 |
| Emergency Note Payable | A-35 | | 348,000.00 |
| Reserve for Snow Removal | A-30 | | 29,798.63 |
| Due to State of New Jersey: Marriage License Fees | A-16 | | <u>625.00</u> |
| | | | <u>36,909,229.38</u> |
| | | \$ | 41,746,123.06 |
| Decreased by Disbursements: | | | |
| Appropriations | A-3 | \$ | 8,919,383.59 |
| Appropriation Reserves | A-13 | | 271,380.39 |
| County Taxes | A-20 | | 6,348,907.47 |
| Regional School Taxes | A-21 | | 18,981,732.00 |
| Municipal Open Space Taxes | A-34 | | 93,750.00 |
| Interfunds Payable | A-23 | | 61,613.88 |
| Petty Cash | A-7 | | 400.00 |
| Reserve for Snow Removal | A-30 | | 37,360.27 |
| Refund of Parking Meter Revenue | A-2 | | 5,018.18 |
| Accounts Payable | A-24 | | 71,576.22 |
| Tax Anticipation Notes | A-36 | | 3,000,000.00 |
| Tax Overpayments | A-18 | | 21,540.18 |
| Emergency Note Payable | A-35 | | 273,000.00 |
| Reserve for Grants Appropriated | A-22 | | 27,098.52 |
| Due to State of New Jersey: Marriage License Fees | A-16 | | <u>850.00</u> |
| | | | <u>38,113,610.70</u> |
| Balance, December 31, 2020 | A | \$ | <u>3,632,512.36</u> |

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

| <u>PROGRAM</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>2020 ANTICIPATED REVENUE</u> | <u>RECEIVED</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|--------------------------------------------------------------|------------------------------------------|-----------------------------------------|---------------------|------------------------------------------|
| Hazardous Mitigation Grant | \$ 4,700.00 | \$ | \$ | 4,700.00 |
| NJ Water Environmental - Streamside Restoration | 750.00 | | | 750.00 |
| Smart Future Historic Preservation Grant | 7,054.70 | | | 7,054.70 |
| Union County Kids Recreation Grant-09 | 688.98 | | | 688.98 |
| Union County Kids Recreation Grant-11 | 9,922.06 | | | 9,922.06 |
| Union County Kids Recreation Grant-16 | 45,224.59 | | 14,899.20 | 30,325.39 |
| Union County Kids Recreation Trust Grant -18 | 40,000.00 | | | 40,000.00 |
| Union County Level the Playing Field Grant | 15,000.00 | | | 15,000.00 |
| Municipal Alliance-12 | 2,088.56 | | | 2,088.56 |
| R.O.I.D. Grant | 1,553.30 | | | 1,553.30 |
| R.O.I.D. Grant - 2018 | 22,796.85 | | | 22,796.85 |
| TDR Grant 06 | 20,000.00 | | | 20,000.00 |
| Local Domestic Preparedness Equip Grant | 21,500.00 | | | 21,500.00 |
| NJ Clean Energy Direct Install Program | 23,514.58 | | | 23,514.58 |
| NJ Forest Service Community - Forestry Program | 9,600.00 | | | 9,600.00 |
| Greening Union County | 1,375.00 | | | 1,375.00 |
| Body Armor Replacement Fund | 1,926.89 | | 1,926.89 | |
| Click It or Ticket | 600.00 | | | 600.00 |
| Recycling Tonnage Grant | | 6,885.84 | 6,885.84 | |
| PSE&G Reliability Grant | 27,000.00 | | | 27,000.00 |
| Union County Heart Grant | 350.00 | | | 350.00 |
| Union County Heart Grant | 937.50 | | | 937.50 |
| Union County Heart Grant - 2019 | 1,000.00 | | 1,000.00 | |
| Preserve Union County-Carriage House | 7,947.02 | | | 7,947.02 |
| Historic Preservation Grant | 20,500.00 | | | 20,500.00 |
| Sustainable NJ | | 2,000.00 | 2,000.00 | |
| Green Acres Program | 62,802.58 | | | 62,802.58 |
| Greening Union County | 3,049.25 | | 661.00 | 2,388.25 |
| Drive Sober or Get Pulled Over | 6,700.00 | | | 6,700.00 |
| CDBG Bus Grant | 10,000.00 | | | 10,000.00 |
| Electronic Station for Cars | 5,000.00 | | | 5,000.00 |
| National Law Enforcement & Firefighters Childrens Foundation | 2,000.00 | | | 2,000.00 |
| | <u>\$ 375,581.86</u> | <u>\$ 8,885.84</u> | <u>\$ 27,372.93</u> | <u>\$ 357,094.77</u> |

REF.

A

A-2

A-4

A

"A-6"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF CHANGE FUNDS

| | <u>REF.</u> | |
|-----------------------------------------------------|-------------|------------------|
| Balance, December 31, 2020 and December 31, 2019 | A | \$ <u>350.00</u> |
| <u>OFFICE</u> | | |
| Municipal Court | | \$ 100.00 |
| Board of Health | | 50.00 |
| Collector | | <u>200.00</u> |
| | | \$ <u>350.00</u> |

"A-7"

SCHEDULE OF PETTY CASH

| <u>OFFICE</u> | | <u>RECEIVED FROM TREASURER</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|---------------|-------------|----------------------------------------|------------------------------------------|
| Treasurer | | \$ <u>400.00</u> | \$ <u>-</u> |
| | <u>REF.</u> | A-4 | A-4 |

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
SENIOR CITIZENS AND VETERANS DEDUCTIONS

| | <u>REF.</u> | |
|------------------------------------------|-------------|----------------------------|
| Balance, December 31, 2019 (Due From) | A | \$ 10,830.30 |
| Increased by: | | |
| Senior Citizens and Veterans Deductions: | | |
| Per Tax Billings | | <u>42,250.00</u> |
| | | \$ <u>53,080.30</u> |
| Decreased by: | | |
| Received in Cash From State | A-4 | <u>41,977.41</u> |
| Balance, December 31, 2020 (Due From) | A | \$ <u><u>11,102.89</u></u> |

CALCULATION OF "STATE'S SHARE" - SENIOR
CITIZENS DEDUCTIONS ALLOWED (CHAPTER 20, P.L. 1971)

Senior Citizens and Veterans Deductions:

| | | |
|------------------|-----|----------------------------|
| Per Tax Billings | A-9 | \$ <u><u>42,250.00</u></u> |
|------------------|-----|----------------------------|

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| <u>YEAR</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>2020 LEVY</u> | <u>COLLECTIONS BY CASH</u> | | <u>TRANSFERRED TO TAX TITLE LIENS</u> | <u>CANCELED</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|-------------|------------------------------------------|-------------------------|--------------------------------|-------------------------|-----------------------------------------------|---------------------|------------------------------------------|
| | | | <u>2019</u> | <u>2020</u> | | | |
| 2019 | \$ 224,008.67 | \$ | \$ | \$ 220,316.60 | \$ | \$ 3,692.07 | |
| 2020 | | <u>33,924,384.38</u> | <u>136,357.92</u> | <u>33,582,113.64</u> | <u>536.70</u> | <u>25,228.69</u> | <u>180,147.43</u> |
| | <u>\$ 224,008.67</u> | <u>\$ 33,924,384.38</u> | <u>\$ 136,357.92</u> | <u>\$ 33,802,430.24</u> | <u>\$ 536.70</u> | <u>\$ 28,920.76</u> | <u>\$ 180,147.43</u> |
| <u>REF.</u> | <u>A</u> | | <u>A-2:A-17</u> | <u>A-2</u> | <u>A-10</u> | | <u>A</u> |

| <u>REF.</u> | |
|----------------------|-------------------------|
| Collector | A-4 |
| Overpayments Applied | A-18 |
| State of New Jersey | A-8 |
| | \$ 33,704,525.74 |
| | 55,654.50 |
| | <u>42,250.00</u> |
| | \$ <u>33,802,430.24</u> |

ANALYSIS OF 2020 PROPERTY TAX LEVY

TAX YIELD

| | | |
|-------------------------------------------|--|-------------------------|
| General Purpose Tax | | \$ 33,862,702.51 |
| Added and Omitted Tax (54:4-63.1 et.seq.) | | <u>61,681.87</u> |
| | | \$ <u>33,924,384.38</u> |

TAX LEVY

| | | | |
|--------------------------------------------------|------|----|----------------------|
| Regional District School Tax | | | |
| Levy (Abstract) | A-21 | \$ | 20,834,090.00 |
| County Tax (Abstract) | A-20 | \$ | 6,348,907.47 |
| Due County for Added Taxes - (54:4-63.1 et.seq.) | A-20 | | <u>10,436.60</u> |
| Total County Tax | | | <u>6,359,344.07</u> |
| Local Tax for Municipal Purposes (Abstract) | A-2 | \$ | 6,132,058.53 |
| Municipal Open Space | A-34 | | 125,569.26 |
| Minimum Library Tax | A-2 | | 419,385.00 |
| Add: Additional Taxes Levied | | | <u>53,937.52</u> |
| | | | <u>6,730,950.31</u> |
| <u>TOTAL</u> | | \$ | <u>33,924,384.38</u> |

"A-10"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

| | <u>REF.</u> | | |
|---------------------------------|-------------|----|-------------------------|
| Balance, December 31, 2019 | A | \$ | 29,649.59 |
| Increased by: | | | |
| Transfers From Taxes Receivable | A-9 | | <u>536.70</u> |
| Balance, December 31, 2020 | A | \$ | <u><u>30,186.29</u></u> |

"A-11"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
AT ASSESSED VALUATION

| | | | |
|-----------------------------------------------------|---|----|-------------------------|
| Balance, December 31, 2020 and December 31, 2019 | A | \$ | <u><u>12,279.00</u></u> |
|-----------------------------------------------------|---|----|-------------------------|

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| | <u>REF.</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>ACCRUED IN 2020</u> | <u>COLLECTED</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|----------------------------------------|-------------|------------------------------------------|----------------------------|------------------|------------------------------------------|
| Clerk: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverage | A-2 | \$ | \$ 7,500.00 | 7,500.00 | \$ |
| Health Officer: | | | 0.00 | | |
| Licenses | A-2 | | 2,830.00 | 2,830.00 | |
| Fees and Permits | A-2 | | 840.00 | 840.00 | |
| Municipal Court: | | | 0.00 | | |
| Fines and Costs | A-2 | 11,638.33 | 97,599.01 | 103,216.18 | 6,021.16 |
| Police Department: | | | 0.00 | | |
| Fees and Permits | A-2 | | 38,519.00 | 38,519.00 | |
| Zoning Fees and Permits | A-2 | | 13,965.00 | 13,965.00 | |
| Fire Inspection Fees | A-2 | | 20,793.00 | 20,793.00 | |
| Interest and Cost on Taxes | A-2 | | 43,769.57 | 43,769.57 | |
| Parking Meters | A-2 | | 40,325.51 | 40,325.51 | |
| Interest on Investments | A-2 | | 68,996.17 | 68,996.17 | |
| Energy Receipts Tax | A-2 | | 755,288.01 | 755,288.01 | |
| Capital Fund Balance | A-2 | | 22,000.00 | 22,000.00 | |
| Uniform Fire Safety Act | A-2 | | 7,308.66 | 7,308.66 | |
| Shared Services - Garwood DPW Director | A-2 | | 43,658.10 | 43,658.10 | |
| T Mobile Rental Fee | A-2 | | 105,356.30 | 105,356.30 | |
| Bulk Waste Pick Up | A-2 | | 29,380.00 | 29,380.00 | |
| Verizon TV | A-2 | | 76,505.45 | 76,505.45 | |
| Reserve for Debt Service | A-2 | | 405.29 | 405.29 | |
| Cable T.V.-Gross Revenue Franchise Fee | A-2 | | 31,420.77 | 31,420.77 | |
| P.I.L.O.T. Elite Phase I | A-2 | | 87,823.52 | 87,823.52 | |
| Pilot - Fanwood Crossing 2 | A-2 | | 95,223.79 | 95,223.79 | |
| Pilot - Fanwood Crossing 3 | A-2 | | 51,335.77 | 51,335.77 | |
| Pilot - Station Square | A-2 | | 222,548.70 | 222,548.70 | |
| Indirect Costs - UCC | A-2 | | 27,134.14 | 27,134.14 | |
| | | \$ 11,638.33 | \$ 1,890,525.76 | 1,896,142.93 | \$ 6,021.16 |
| <u>REF.</u> | | <u>A</u> | | <u>A-4</u> | <u>A</u> |

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF 2019 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2019 | BALANCE AFTER TRANSFERS | PAID OR CHARGED | BALANCE LAPSED |
|-----------------------------------|---------------------------------|-------------------------------|--------------------|-------------------|
| <u>SALARIES AND WAGES:</u> | | | | |
| Administrative and Executive | \$ 509.83 | \$ 1,009.83 | \$ | 1,009.83 |
| Office of the Mayor | 152.44 | 152.44 | 67.50 | 84.94 |
| Financial Administration | 13,627.92 | 3,827.92 | 712.31 | 2,915.61 |
| Assessment of Taxes | 1,135.84 | 1,135.84 | | 1,135.84 |
| Collection of Taxes | 3.25 | 3.25 | | 3.25 |
| Municipal Prosecutors | 91.34 | 91.34 | | 91.34 |
| Environmental Commission | 1.04 | 1.04 | | 1.04 |
| School Crossing Guards | 5,403.81 | 919.07 | | 919.07 |
| Police | | 1,218.64 | | 1,218.64 |
| Fire Prevention Bureau | 1,325.46 | 1,325.46 | | 1,325.46 |
| Road Repair and Maintenance | 2,412.10 | 2,412.10 | | 2,412.10 |
| Board of Health | 2.76 | 2.76 | | 2.76 |
| Right to Know Act | 900.00 | | | |
| Sanitation: | | | | |
| Solid Waste Management Act | 246.91 | 246.91 | | 246.91 |
| Parks and Playgrounds | 3,651.62 | 3,651.62 | | 3,651.62 |
| Senior Citizens | 34.30 | 34.30 | | 34.30 |
| Municipal Court | 395.85 | 395.85 | | 395.85 |
| Zoning Officer | 0.80 | 0.80 | | 0.80 |
| <u>OTHER EXPENSES:</u> | | | | |
| Administrative and Executive | 7,786.13 | 13,139.04 | 10,687.51 | 2,451.53 |
| Office of The Mayor | 86.66 | 86.66 | | 86.66 |
| Collection of Taxes | 53.93 | 78.35 | | 78.35 |
| Financial Administration | 21,528.58 | 30,253.86 | 16,451.26 | 13,802.40 |
| Audit | | 3,200.00 | | 3,200.00 |
| Assessment of Taxes | 358.28 | 3,830.13 | 830.13 | 3,000.00 |
| Legal Services and Costs | 8,112.28 | 34,586.16 | 14,744.71 | 19,843.45 |
| Architect | 3,000.00 | | | |
| Engineering Services and Costs | 20,833.37 | 20,833.37 | 16,877.89 | 3,955.48 |
| Planning Board | 1,892.97 | 3,726.31 | 1,833.34 | 1,892.97 |
| Environmental Commission | 447.05 | 592.05 | 266.47 | 325.58 |
| Shade Tree Commission | 1,883.70 | 12,537.64 | 12,182.94 | 354.70 |
| Insurance: | | | | |
| Group Insurance | 971.53 | 2,401.53 | 961.28 | 1,440.25 |
| Fire: | | | | |
| Fire Hydrants | 13,829.00 | 26,671.20 | 26,671.20 | |
| Miscellaneous | 520.84 | 9,828.49 | 8,218.00 | 1,610.49 |
| Fire Prevention Bureau | 1,473.43 | 3,181.43 | 2,610.00 | 571.43 |
| Police | 3,855.01 | 27,702.90 | 25,122.44 | 2,580.46 |
| Traffic Signal Maintenance | 2,538.00 | 2,538.00 | | 2,538.00 |
| Sanitation: | | | | |
| Solid Waste Management Act | 2,409.10 | 31,387.92 | 29,935.76 | 1,452.16 |
| Emergency Management Services | 1,617.79 | 1,617.79 | | 1,617.79 |
| Road Repair and Maintenance | 8,566.19 | 15,471.29 | 7,491.07 | 7,980.22 |

"A-14"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR SALE OF
MUNICIPAL ASSETS

REF.

| | | |
|-----------------------------------------------------|---|------------------|
| Balance, December 31, 2020 and December 31, 2019 | A | \$ <u>125.00</u> |
|-----------------------------------------------------|---|------------------|

"A-15"

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

| | | |
|----------------------------|-----|---------------------|
| Balance, December 31, 2019 | A | \$ 1.00 |
| Increased by: Receipts | A-4 | <u>12,819.14</u> |
| Balance, December 31, 2020 | A | \$ <u>12,820.14</u> |

ANALYSIS OF BALANCE

| | |
|---------------------------|---------------------|
| Recycling Tonnage Grant | \$ 1.00 |
| Clean Communities Program | <u>12,819.14</u> |
| | \$ <u>12,820.14</u> |

"A-16"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF DUE TO STATE OF NEW JERSEY -
MARRIAGE LICENSE FEES

| | <u>REF.</u> | | |
|----------------------------|-------------|----|----------------------|
| Balance, December 31, 2019 | A | \$ | 700.00 |
| Increased by: | | | |
| Receipts | A-4 | | <u>625.00</u> |
| | | \$ | <u>1,325.00</u> |
| Decreased by: | | | |
| Disbursements | A-4 | | <u>850.00</u> |
| Balance, December 31, 2020 | A | \$ | <u><u>475.00</u></u> |

"A-17"

SCHEDULE OF PREPAID TAXES

| | | | |
|-----------------------------|-----|----|--------------------------|
| Balance, December 31, 2019 | A | \$ | 136,357.92 |
| Increased by: | | | |
| Collection of 2021 Taxes | A-4 | | <u>216,560.13</u> |
| | | \$ | <u>352,918.05</u> |
| Decreased by: | | | |
| Applied to Taxes Receivable | A-9 | | <u>136,357.92</u> |
| Balance, December 31, 2020 | A | \$ | <u><u>216,560.13</u></u> |

"A-18"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF TAX OVERPAYMENTS

| | <u>REF.</u> | | |
|-----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2019 | A | \$ | 55,654.50 |
| Increased by: | | | |
| Overpayments in 2020 | A-4 | | <u>86,440.71</u> |
| | | \$ | 142,095.21 |
| Decreased by: | | | |
| Applied to Taxes Receivable | A-9 | \$ | 55,654.50 |
| Refunded | A-4 | | <u>21,540.18</u> |
| | | | <u>77,194.68</u> |
| Balance, December 31, 2020 | A | \$ | <u><u>64,900.53</u></u> |

"A-19"

SCHEDULE OF DEFERRED CHARGES

| | | | |
|------------------------------------------------------|------|----|--------------------------|
| Balance, December 31, 2019 | A | \$ | 318,000.00 |
| Increased by: | | | |
| Special Emergency - COVID 19 - Deficit in Revenues | A-1 | \$ | 110,000.00 |
| Emergency Appropriation 40A:4-53 - COVID 19 Pandemic | A-3 | | 500,000.00 |
| Emergency Appropriation 40A:4-53 - Severance Pay | A-3 | | 90,000.00 |
| Emergency Appropriation 40A:4-53 - Severance Pay | A-3 | | <u>50,000.00</u> |
| | | | <u>750,000.00</u> |
| Decreased by: | | \$ | 1,068,000.00 |
| Raised in Budget | A-3 | | 80,000.00 |
| Canceled - Reserve for Tax Maps | A-31 | | <u>30,000.00</u> |
| | | | <u>110,000.00</u> |
| Balance, December 31, 2020 | A | \$ | <u><u>958,000.00</u></u> |

"A-20"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

| | <u>REF.</u> | | |
|-------------------------------|-------------|----|-------------------------|
| Balance, December 31, 2019 | A | \$ | 1,614.02 |
| Increased by: | | | |
| 2020 Levy | A-1:A-9 | \$ | 6,348,907.47 |
| Added Taxes - 54:63.1 et.seq. | A-1:A-9 | | <u>10,436.60</u> |
| | | | \$ <u>6,359,344.07</u> |
| | | | \$ 6,360,958.09 |
| Decreased by: | | | |
| Payments | A-4 | | <u>6,348,907.47</u> |
| Balance, December 31, 2020 | A | \$ | <u><u>12,050.62</u></u> |

"A-21"

SCHEDULE OF REGIONAL DISTRICT SCHOOL TAX

| | | | |
|--------------------------------------------------|-----|----|--------------------------------|
| Balance, December 31, 2019 | | | |
| School Tax Deferred | | \$ | 10,130,787.50 |
| School Tax Prepaid | A | | <u>(87,059.27)</u> |
| | | | \$ 10,043,728.23 |
| Increased by: | | | |
| Levy-School Year July 1, 2019 to June 30, 2020 | A-9 | | <u>20,834,090.00</u> |
| | | | \$ 30,877,818.23 |
| Decreased by: | | | |
| Payments in 2019 | A-4 | | <u>18,981,732.00</u> |
| Balance, December 31, 2020 | | | |
| School Tax Deferred | | \$ | 10,246,974.00 |
| School Tax Payable | A | | <u>1,649,112.23</u> |
| | | | \$ <u><u>11,896,086.23</u></u> |
| 2020 Liability for Regional School District Tax: | | | |
| School Tax Paid 2020 | | \$ | 18,981,732.00 |
| Add: School Tax (Prepaid) December 31, 2019 | | | <u>87,059.27</u> |
| | | \$ | <u>19,068,791.27</u> |
| Add: School Tax (Payable) December 31, 2020 | | | <u>(1,649,112.23)</u> |
| | A-1 | \$ | <u><u>20,717,903.50</u></u> |

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR GRANTS - APPROPRIATED

| <u>PROGRAM</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>TRANSFERRED FROM ACCOUNTS PAYABLE</u> | <u>2020 APPROPRIATIONS</u> | <u>EXPENDED</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|--------------------------------------------------------------|------------------------------------------|------------------------------------------------------|--------------------------------|----------------------|------------------------------------------|
| Drunk Driving Enforcement Fund | \$ 11,344.80 | \$ 120.00 | \$ | \$ 788.86 | 10,675.94 |
| Clean Communities Program | 12,842.94 | 2,725.04 | | 13,849.39 | 1,718.59 |
| Hazardous Mitigation Grant | 67,085.00 | | | | 67,085.00 |
| Recycling Enhancement Grant | 11,000.40 | | | 150.00 | 10,850.40 |
| Recycling Tonnage Grant | | | 6,885.84 | | 6,885.84 |
| Improvements to Carriage House | 844.05 | | | | 844.05 |
| PSE&G Reliability Project | 25,713.00 | | | | 25,713.00 |
| Union County Kids Green | 1,356.50 | | | | 1,356.50 |
| Rahway River Rain Garden | 1,173.10 | | | | 1,173.10 |
| Sustainable NJ | 217.67 | | | | 217.67 |
| Sustainable NJ - Roots to Rivers | 29.20 | | | | 29.20 |
| Union County Kids Recreation | 84,526.75 | 43,564.01 | | 42,084.97 | 86,005.79 |
| Comcast Grant | 30,776.70 | | | | 30,776.70 |
| NJ Prevention Network | 29.58 | | | | 29.58 |
| Municipal Alliance - Local Match | 225.19 | | | | 225.19 |
| Municipal Alliance | 8,693.31 | | | 2,052.25 | 6,641.06 |
| Body Armor Replacement Fund | 12,528.29 | | | 4,428.05 | 8,100.24 |
| Recycling Tonnage Grant | 292.10 | | | | 292.10 |
| Preserve Union County-Carriage House | 113.71 | 1,191.55 | | | 1,305.26 |
| ROID Grant | 17,033.00 | | | | 17,033.00 |
| ROID Grant-Match | 653.63 | | | | 653.63 |
| 2016 Infrastructure and Municipal Aid Grant | 2,953.73 | 1,490.50 | | 1,430.00 | 3,014.23 |
| 2017 Infrastructure and Municipal Aid Grant | 65,000.00 | | | | 65,000.00 |
| Over the Limit Under Arrest | 4,400.00 | | | | 4,400.00 |
| Preserve Union County | 10.67 | | | | 10.67 |
| Union County Level the Playing Field | 15,000.00 | | | | 15,000.00 |
| Historic Preservation Grant | 1,658.99 | 3,276.00 | | 3,276.00 | 1,658.99 |
| Union County Heart Grant | 3,757.45 | | | | 3,757.45 |
| NJ Water Environmental Streamside Restoration | 9.11 | | | | 9.11 |
| PSEG Tree Planting Grant | 3,276.00 | | | | 3,276.00 |
| Greening Union County | 1,476.03 | 1,322.00 | | 1,322.00 | 1,476.03 |
| Greening Union County - NJ Forestry | 3,000.00 | | | | 3,000.00 |
| NJ Clean Energy Direct Install Program | 21,435.56 | | | | 21,435.56 |
| NJ Forest Service Community - Forestry Program | 455.00 | | | | 455.00 |
| ANJEC Open Space Stewardship Program | 40.49 | | | | 40.49 |
| NJ Economic Development Authority | 0.08 | | | | 0.08 |
| Green Acres Program | 56,477.58 | 65.27 | | 56,000.00 | 542.85 |
| Matching Funds for Grants | 18,855.00 | | 15,000.00 | 794.00 | 33,061.00 |
| National Law Enforcement & Firefighters Childrens Foundation | 890.92 | | | | 890.92 |
| Electronic Stations for Cars | | 4,942.38 | | 4,942.38 | |
| CDBG Bus Grant | 10,000.00 | | | 5,999.00 | 4,001.00 |
| Sustainable Communities Outreach & Education | | | 2,000.00 | | 2,000.00 |
| | <u>\$ 495,175.53</u> | <u>\$ 58,696.75</u> | <u>\$ 23,885.84</u> | <u>\$ 137,116.90</u> | <u>\$ 440,641.22</u> |
| REF. | A | A-24 | A-3 | | A |
| Cash Disbursements | A-4 | | | \$ 27,098.52 | |
| Encumbrances Payable | A-24 | | | 110,018.38 | |
| | | | | <u>\$ 137,116.90</u> | |

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF INTERFUNDS

| | <u>REF.</u> | <u>TOTAL</u> | <u>ASSESSMENT TRUST FUND</u> | <u>ANIMAL CONTROL TRUST FUND</u> | <u>TRUST OTHER FUND</u> | <u>GENERAL CAPITAL FUND</u> | <u>SEWER OPERATING FUND</u> |
|-----------------------------|-------------|---------------------|----------------------------------|------------------------------------------|-----------------------------|-------------------------------------|-------------------------------------|
| Balance, December 31, 2019: | | | | | | | |
| Due From | A | \$ 28,423.79 | \$ 318.56 | \$ 4.34 | \$ 27,320.61 | \$ 780.28 | |
| Cash Receipts | A-4 | 64,890.68 | | 3.76 | 64,826.92 | | |
| Cash Disbursements | A-4 | <u>61,613.88</u> | | | <u>47,458.06</u> | <u>4,408.90</u> | <u>9,746.92</u> |
| Balance, December 31, 2020: | | | | | | | |
| Due From | A | \$ <u>25,146.99</u> | \$ <u>318.56</u> | \$ <u>0.58</u> | \$ <u>9,891.75</u> | \$ <u>5,189.18</u> | \$ <u>9,746.92</u> |

"A-24"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

| | <u>REF.</u> | | |
|------------------------------------------------------|-------------|----|--------------------------|
| Balance, December 31, 2019 | A | \$ | 490,722.63 |
| Increased by: | | | |
| Federal and State Grants Appropriated | A-22 | \$ | 110,018.38 |
| 2020 Appropriations | A-3 | | 586,408.67 |
| 2019 Appropriation Reserves | A-13 | | <u>1,245.00</u> |
| | | | <u>697,672.05</u> |
| | | \$ | <u>1,188,394.68</u> |
| Decreased by: | | | |
| Transferred to Appropriation Reserves | A-13 | \$ | 258,407.22 |
| Transferred to Federal and State Grants Appropriated | A-22 | | 58,696.75 |
| Disbursements | A-4 | | 71,576.22 |
| Canceled | A-29 | | <u>30,133.08</u> |
| | | | <u>418,813.27</u> |
| Balance, December 31, 2020 | A | \$ | <u><u>769,581.41</u></u> |

"A-25"

SCHEDULE OF STATE TRAINING FEES -
DUE STATE OF NEW JERSEY

| | | | |
|-----------------------------------------------------|---|----|------------------------|
| Balance, December 31, 2020 and December 31, 2019 | A | \$ | <u><u>2,603.54</u></u> |
|-----------------------------------------------------|---|----|------------------------|

"A-26"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR FIRE FINES AND PENALTIES

REF.

Balance, December 31, 2020 and
December 31, 2019

A

\$ 25.00

"A-27"

SCHEDULE OF BURIAL PERMITS
DUE STATE OF NEW JERSEY

Balance, December 31, 2020 and
December 31, 2019

A

\$ 35.00

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

| | <u>REF.</u> | | |
|---------------------------------|-------------|----|-------------------------|
| Balance, December 31, 2019 | A | \$ | 27,592.02 |
| Increased by: | | | |
| Transferred from Appropriations | A-3 | | <u>10,000.00</u> |
| Balance, December 31, 2020 | A | \$ | <u><u>37,592.02</u></u> |

"A-29"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY

| | <u>REF.</u> | | | |
|---------------------------------|-------------|----|------------------|------------------|
| Balance, December 31, 2019 | A | | \$ | 5,042.04 |
| Increased by: | | | | |
| Cancelled Accounts Payable | A-24 | \$ | 30,133.08 | |
| Transferred from Appropriations | A-3 | | <u>31,859.03</u> | |
| | | | | <u>61,992.11</u> |
| | | | \$ | <u>67,034.15</u> |
| Balance, December 31, 2020 | A | | \$ | <u>67,034.15</u> |

"A-30"

SCHEDULE OF RESERVE FOR SNOW REMOVAL

| | | | | |
|---------------------------------|-----|----|------------------|------------------|
| Balance, December 31, 2019 | A | | \$ | 8,374.77 |
| Increased by: | | | | |
| Transferred from Appropriations | A-3 | \$ | 13,567.19 | |
| Receipts | A-4 | | <u>29,798.63</u> | |
| | | | | <u>43,365.82</u> |
| | | | \$ | <u>51,740.59</u> |
| Decreased by: | | | | |
| Disbursements | A-4 | | | <u>37,360.27</u> |
| Balance, December 31, 2020 | A | | \$ | <u>14,380.32</u> |

"A-31"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX MAPS

| | <u>REF.</u> | | |
|------------------------------------------|-------------|----|------------------|
| Balance, December 31, 2019 | A | \$ | 35,315.54 |
| Decreased by: Cancelled by Resolution | A-1 | \$ | <u>35,315.54</u> |

"A-32"

SCHEDULE OF P.I.L.O.T. REVENUE DUE COUNTY

| | | | |
|-----------------------------------------------------------------------|---|----|-----------------|
| Balance, December 31, 2020 (Due To) and December 31, 2019 (Due To) | A | \$ | <u>1,860.48</u> |
|-----------------------------------------------------------------------|---|----|-----------------|

"A-33"

BOROUGH OF FANWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR REVALUATION

| | <u>REF.</u> | | |
|----------------------------|-------------|----|------------------|
| Balance, December 31, 2019 | A | \$ | 41,301.57 |
| Decreased by: | | | |
| Cancelled by Resolution | A-1 | \$ | <u>41,301.57</u> |

"A-34"

SCHEDULE OF MUNICIPAL OPEN SPACE TAX PAYABLE

| | | | |
|----------------------------|---------|----|-------------------|
| Balance, December 31, 2019 | A | \$ | 39.59 |
| Increased by: | | | |
| Levy Calendar Year 2020 | A-1:A-9 | \$ | <u>125,763.11</u> |
| | | \$ | <u>125,802.70</u> |
| Decreased by: | | | |
| Cash Disbursements | A-4 | | <u>93,750.00</u> |
| Balance, December 31, 2020 | A | \$ | <u>32,052.70</u> |

"A-35"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF EMERGENCY NOTES PAYABLE

| | <u>REF.</u> | |
|-----------------------------------|-------------|----------------------|
| Balance, December 31, 2019 | A | \$ 273,000.00 |
| Increased by: | | |
| Emergency Appropriations 40A:4-53 | A-19:A-4 | <u>348,000.00</u> |
| | | \$ 621,000.00 |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>273,000.00</u> |
| Balance, December 31, 2020 | A | <u>\$ 348,000.00</u> |

"A-36"

BOROUGH OF FANWOOD
CURRENT FUND
SCHEDULE OF TAX ANTICIPATION NOTE

| | | |
|----------------------------|-----|------------------------|
| Balance, December 31, 2019 | A | \$ 3,000,000.00 |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>\$ 3,000,000.00</u> |

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | <u>ANIMAL CONTROL</u> | <u>OTHER</u> |
|-----------------------------------------------|-------------|-----------------------|------------------------|
| Balance, December 31, 2019 | B | \$ <u>3,274.54</u> | \$ <u>1,068,786.64</u> |
| Increased by: | | | |
| Animal Control Fees | B-8 | \$ 3,327.40 | |
| Due Current Fund | B-4 | 46.04 | 3,452.77 |
| Miscellaneous Trust Deposits | B-5 | | 24,509.80 |
| Unemployment Compensation Insurance | B-6 | | 6,195.58 |
| Builders Escrow | B-9 | | 29,890.75 |
| Redevelopment Escrow | B-11 | | 133.32 |
| Tax Sale Premiums and Redemptions | B-16 | | 197,666.71 |
| Zoning Escrow | B-10 | | 28,859.71 |
| Recreation Commission | B-12 | | 162,562.88 |
| Law Enforcement Trust Fund | B-13 | | 151.52 |
| Developers Housing Escrow | B-14 | | 316,438.12 |
| Police Off-Duty Pay | B-19 | | 211,333.47 |
| Payroll Deductions | B-18 | | 2,207,991.92 |
| Library | B-15 | | 10,665.74 |
| Construction Code Enforcement | B-21 | | 190,924.35 |
| Municipal Open Space | B-20 | | 93,877.46 |
| | | \$ <u>3,373.44</u> | \$ <u>3,484,654.10</u> |
| | | \$ <u>6,647.98</u> | \$ <u>4,553,440.74</u> |
| Decreased by: | | | |
| Expenditures Under R.S.4:19-15.11 | B-8 | \$ 9,016.66 | |
| Due Current Fund | B-4 | 49.80 | 20,881.63 |
| Miscellaneous Trust Deposits | B-5 | | 15,192.34 |
| Unemployment Compensation Insurance | B-6 | | 800.50 |
| Builders Escrow | B-9 | | 58,389.43 |
| Tax Sale Premiums and Redemptions | B-16 | | 203,676.71 |
| Zoning Escrow | B-10 | | 21,023.74 |
| Redevelopment Escrow | B-11 | | 5.21 |
| Recreation Commission | B-12 | | 186,521.90 |
| Law Enforcement Trust Fund | B-13 | | 3,472.50 |
| Developers Housing Escrow(COAH) | B-14 | | 287,363.23 |
| Police Off-Duty Pay | B-19 | | 197,822.31 |
| Payroll Deductions | B-18 | | 2,210,057.21 |
| Municipal Open Space | B-20 | | 66,484.39 |
| Library Fund | B-15 | | 4,096.69 |
| Construction Code Enforcement | B-21 | | 193,197.72 |
| | | \$ <u>9,066.46</u> | \$ <u>3,468,985.51</u> |
| Balance, December 31, 2020 - (Cash Overdraft) | B | \$ <u>(2,418.48)</u> | \$ <u>1,084,455.23</u> |

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANT RECEIVABLE

| <u>PROGRAM</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2020</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2019</u> |
|------------------------|------------------------------------------------------|------------------------------------------------------|
| Handyman | \$ 285.00 \$ | 285.00 |
| Senior Citizen Program | <u>10,750.00</u> | <u>10,750.00</u> |
| | \$ <u>11,035.00</u> \$ | <u>11,035.00</u> |

REF.

B

B

"B-3"

BOROUGH OF FANWOOD

TRUST FUND

ANALYSIS OF ASSESSMENT CASH

| | | BALANCE DECEMBER 31, 2020 |
|------------------|-------------|---------------------------------|
| Cash Deficit | \$ | (318.56) |
| Due Current Fund | | <u>318.56</u> |
| | \$ | <u><u>-0-</u></u> |
| | <u>REF.</u> | B |

BOROUGH OF FANWOOD
TRUST FUND
SCHEDULE OF DUE CURRENT FUND

| | <u>REF.</u> | <u>ASSESSMENT</u> <u>FUND</u> | <u>ANIMAL</u> <u>CONTROL</u> <u>FUND</u> | <u>TRUST</u> <u>OTHER</u> <u>FUNDS</u> |
|----------------------------------------|-------------|----------------------------------|------------------------------------------------|----------------------------------------------|
| Balance, December 31, 2019 (Due To) | B | \$ 318.56 \$ | 4.34 \$ | 27,320.61 |
| Cash Receipts | B-1 | | 46.04 | 3,452.77 |
| Cash Disbursements | B-1 | | <u>49.80</u> | <u>20,881.63</u> |
| Balance, December 31, 2020 (Due To) | B | \$ <u>318.56</u> \$ | <u>0.58</u> \$ | <u>9,891.75</u> |

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR MISCELLANEOUS TRUST DEPOSITS

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2019 | B | \$ | 105,663.46 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>24,509.80</u> |
| | | \$ | <u>130,173.26</u> |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>15,192.34</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>114,980.92</u></u> |

Analysis of Miscellaneous Trust Deposits is on file in the Treasurers Office.

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR UNEMPLOYMENT
COMPENSATION INSURANCE

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2019 | B | \$ 2,487.86 |
| Increased by: | | |
| Receipts | B-1 | \$ <u>6,195.58</u> |
| | | \$ 8,683.44 |
| Decreased by: | | |
| Disbursements | B-1 | <u>800.50</u> |
| Balance, December 31, 2020 | B | \$ <u><u>7,882.94</u></u> |

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANT

| <u>PROGRAM</u> | BALANCE DECEMBER <u>31, 2020</u> | BALANCE DECEMBER <u>31, 2019</u> |
|------------------------|----------------------------------------|----------------------------------------|
| Handyman Program | \$ 60.00 | \$ 60.00 |
| Senior Citizen Program | 10,750.00 | 10,750.00 |
| Senior Citizen Program | 1,664.72 | 1,664.72 |
| Senior Citizen Program | <u>1,180.58</u> | <u>1,180.58</u> |
| | \$ <u>13,655.30</u> | \$ <u>13,655.30</u> |
| <u>REF.</u> | B | B |

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>REF.</u> | | |
|------------------------------------------------|-------------|----|-----------------|
| Balance, December 31, 2019 | B | \$ | 3,270.20 |
| Increased by: | | | |
| Dog License Fees | B-1 | \$ | 2,843.40 |
| Other Fees | B-1 | | 484.00 |
| Deficit to be Raised in Succeeding Year Budget | B | | <u>2,419.06</u> |
| | | | <u>5,746.46</u> |
| | | \$ | <u>9,016.66</u> |
| Decreased by: | | | |
| Expenditures Under R.S. 4:19-15.11: | | | |
| Cash Disbursements | B-1 | | <u>9,016.66</u> |

LICENSE FEES COLLECTED

| <u>YEAR</u> | | <u>AMOUNT</u> |
|-------------|----|-----------------|
| 2019 | \$ | 4,100.00 |
| 2018 | | <u>3,590.00</u> |
| | \$ | <u>7,690.00</u> |

"B-9"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR BUILDERS ESCROW

| | <u>REF.</u> | | |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2019 | B | \$ | 74,568.99 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>29,890.75</u> |
| | | \$ | <u>104,459.74</u> |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>58,389.43</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>46,070.31</u></u> |

"B-10"

SCHEDULE OF RESERVE FOR ZONING ESCROW

| | | | |
|----------------------------|-----|----|-------------------------|
| Balance, December 31, 2019 | B | \$ | 28,304.93 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>28,859.71</u> |
| | | \$ | <u>57,164.64</u> |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>21,023.74</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>36,140.90</u></u> |

"B-11"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR REDEVELOPMENT ESCROW

| | <u>REF.</u> | | |
|----------------------------|-------------|----|------------------------|
| Balance, December 31, 2019 | B | \$ | 5,837.14 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>133.32</u> |
| | | \$ | 5,970.46 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>5.21</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>5,965.25</u></u> |

"B-12"

SCHEDULE OF RESERVE FOR RECREATION COMMISSION

| | | | |
|----------------------------|-----|----|--------------------------|
| Balance, December 31, 2019 | B | \$ | 128,201.09 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>162,562.88</u> |
| | | \$ | 290,763.97 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>186,521.90</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>104,242.07</u></u> |

"B-13"

SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST FUNDS

| | | | |
|----------------------------|-----|----|-------------------------|
| Balance, December 31, 2019 | B | \$ | 13,647.72 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>151.52</u> |
| | | \$ | 13,799.24 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>3,472.50</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>10,326.74</u></u> |

"B-14"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR DEVELOPERS HOUSING ESCROW(COAH)

| | <u>REF.</u> | | |
|----------------------------|-------------|----|-------------------|
| Balance, December 31, 2019 | B | \$ | 233,101.59 |
| Increased by: | | | |
| Cash Receipts | B-1 | | 316,438.12 |
| | | \$ | <u>549,539.71</u> |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | 287,363.23 |
| Balance, December 31, 2020 | B | \$ | <u>262,176.48</u> |

"B-15"

SCHEDULE OF RESERVE FOR LIBRARY

| | | | |
|----------------------------|-----|----|------------------|
| Balance, December 31, 2019 | B | \$ | 84,309.01 |
| Increased by: | | | |
| Cash Receipts | B-1 | | 10,665.74 |
| | | \$ | <u>94,974.75</u> |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | 4,096.69 |
| Balance, December 31, 2020 | B | \$ | <u>90,878.06</u> |

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF TAX SALE PREMIUMS AND REDEMPTIONS

| | <u>REF.</u> | | |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2019 | B | \$ | 89,357.11 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>197,666.71</u> |
| | | \$ | <u>287,023.82</u> |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>203,676.71</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>83,347.11</u></u> |

"B-17"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR CELL TOWER DEPOSITS

REF.

| | | |
|---------------------------------------------------------|---|---------------------|
| Balance, December 31, 2020 and and December 31, 2019 | B | \$ <u>18,628.29</u> |
|---------------------------------------------------------|---|---------------------|

"B-18"

SCHEDULE OF PAYROLL DEDUCTIONS

| | | |
|----------------------------|-----|------------------------|
| Balance, December 31, 2019 | B | \$ 29,074.25 |
| Increased by: | | |
| Cash Receipts | B-1 | <u>2,207,991.92</u> |
| | | \$ <u>2,237,066.17</u> |
| Decreased by: | | |
| Cash Disbursements | B-1 | <u>2,210,057.21</u> |
| Balance, December 31, 2020 | B | \$ <u>27,008.96</u> |

"B-19"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR POLICE OFF-DUTY PAY

| | <u>REF.</u> | | |
|----------------------------|-------------|----|-------------------------|
| Balance, December 31, 2019 | B | \$ | 5,716.41 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>211,333.47</u> |
| | | \$ | 217,049.88 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>197,822.31</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>19,227.57</u></u> |

"B-20"

SCHEDULE OF RESERVE FOR MUNICIPAL OPEN SPACE

| | | | |
|----------------------------|-----|----|-------------------------|
| Balance, December 31, 2019 | B | \$ | 55,698.03 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>93,877.46</u> |
| | | \$ | 149,575.49 |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>66,484.39</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>83,091.10</u></u> |

"B-21"

BOROUGH OF FANWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR CONSTRUCTION CODE ENFORCEMENT

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2019 | B | \$ | 164,248.85 |
| Increased by: | | | |
| Cash Receipts | B-1 | | <u>190,924.35</u> |
| | | \$ | <u>355,173.20</u> |
| Decreased by: | | | |
| Cash Disbursements | B-1 | | <u>193,197.72</u> |
| Balance, December 31, 2020 | B | \$ | <u><u>161,975.48</u></u> |

"B-22"

SCHEDULE OF RESERVE FOR GREEN ACRES

| | | | |
|---------------------------------------------------------|---|----|--------------------|
| Balance, December 31, 2020 and and December 31, 2019 | B | \$ | <u><u>1.00</u></u> |
|---------------------------------------------------------|---|----|--------------------|

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | | |
|-------------------------------------|-------------|------------------|-------------------------------|
| Balance, December 31, 2019 | C | | \$ 1,790,715.38 |
| Increased by Receipts: | | | |
| Capital Improvement Fund | C-8 | \$ 32,500.00 | |
| Bond Anticipation Note | C-12 | 5,349,634.00 | |
| Grants Receivable | C-13 | 361,250.00 | |
| Due Current Fund | C-4 | 76,183.54 | |
| Refunds | C-10 | <u>11,389.00</u> | |
| | | | \$ <u>5,830,956.54</u> |
| | | | \$ <u>7,621,671.92</u> |
| Decreased by Disbursements: | | | |
| Bond Anticipation Note | C-12 | \$ 4,204,634.00 | |
| Reserve for Debt Service | C-14 | \$ 405.29 | |
| Contracts Payable | C-10 | 1,707,602.87 | |
| Fund Balance Anticipated as Revenue | C-1 | 22,000.00 | |
| Due Sewer Utility Operating Fund | C-16 | 200,000.00 | |
| Due Current Fund | C-4 | <u>71,774.64</u> | |
| | | | <u>6,206,416.80</u> |
| Balance, December 31, 2020 | C | | \$ <u><u>1,415,255.12</u></u> |

"C-3"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

ANALYSIS OF CASH

BALANCE
DECEMBER
31, 2020

| | | |
|-------------------------------------------------------------------|----|----------------------------|
| Capital Fund Balance | \$ | 735.00 |
| Contracts Payable | | 1,122,304.48 |
| Capital Improvement Fund | | 8,445.78 |
| Improvement Authorizations Funded Set Forth on "C-9" | | 4,677,079.89 |
| Improvement Authorizations Expended Set Forth on "C-7" | | (228,128.94) |
| Unexpended Proceeds of Bond Anticipation Notes Set Forth on "C-7" | | 1,377,128.81 |
| Cash on Hand - Ordinances 17-09-S & 17-12-S Set Forth on "C-7" | | 45,195.00 |
| State Aid Receivable | | (5,386,694.08) |
| Due from Scotch Plains - Fanwood Board of Education | | (6,000.00) |
| Due Sewer Utility Operating Fund | | (200,000.00) |
| Due Current Fund | | <u>5,189.18</u> |
| | \$ | <u><u>1,415,255.12</u></u> |

REF.

C

"C-4"

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DUE CURRENT FUND

| | <u>REF.</u> | |
|-------------------------------------|-------------|---------------------------|
| Balance, December 31, 2019 (Due To) | C | \$ 780.28 |
| Increased by: | | |
| Cash Disbursements | C-2 | \$ <u>71,774.64</u> |
| | | \$ <u>70,994.36</u> |
| Decreased by: | | |
| Cash Receipts | C-2 | <u>76,183.54</u> |
| Balance, December 31, 2020 (Due To) | C | \$ <u><u>5,189.18</u></u> |

"C-5"

SCHEDULE OF DUE FROM SCOTCH PLAINS - FANWOOD BOARD OF EDUCATION

| | | |
|-----------------------------------------------------|---|---------------------------|
| Balance, December 31, 2020 and December 31, 2019 | C | \$ <u><u>6,000.00</u></u> |
|-----------------------------------------------------|---|---------------------------|

"C-6"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

| | <u>REF.</u> | | |
|----------------------------|-------------|----|----------------------|
| Balance, December 31, 2019 | C | \$ | 11,511,962.07 |
| Decreased by: | | | |
| Bonds Paid by Budget | C-11 | \$ | 725,000.00 |
| Loan Paid by Budget | C-15 | | <u>67,233.34</u> |
| | | | <u>792,233.34</u> |
| Balance, December 31, 2020 | C | \$ | <u>10,719,728.73</u> |

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | BALANCE DECEMBER 31, 2020 | ANALYSIS OF BALANCE DECEMBER 31, 2020 | |
|------------------------------------------------------|-----------------------------------------------------|---------------------------|---------------------------------------|---------------------------------------|
| | | | BOND ANTICIPATION NOTES | UNEXPENDED IMPROVEMENT AUTHORIZATIONS |
| | | | EXPENDITURES | |
| 07-11/09-09 | Various Capital Improvements | \$ 107,115.49 | \$ 7,101.43 | \$ 100,014.06 |
| 10-04 | Various Capital Improvements | 47,498.09 | 23,822.76 | 23,675.33 |
| 11-08 | Various Capital Improvements | 239,598.98 | 19,989.81 | 219,609.17 |
| 13-12-S | Various Capital Improvements | 101,321.00 | 101,321.00 | |
| 14-06 | Various Capital Improvements | 6,333.00 | 5,683.00 | 650.00 |
| 15-04-S | Various Capital Improvements | 25,727.00 | 25,727.00 | |
| 15-08-S | Acquisition of Easement | 2,517.23 | | 2,517.23 |
| 15-16-S | Improvements to Train Station | 29,959.00 | 29,959.00 | |
| 16-01-S | Various Capital Improvements | 203,226.00 | 200,000.00 | 3,226.00 |
| 16-04-S | Various Capital Improvements | 1,141,653.00 | 1,066,903.00 | 74,750.00 |
| 17-09-S | Various Capital Improvements | 956,055.00 | 956,055.00 | |
| 17-12-S | Improvements to Forest Road Park | 273,750.00 | 273,750.00 | |
| 17-13-S | Streetscape Improvements - South Ave. | 199,500.00 | 100,000.00 | 99,500.00 |
| 17-14-S | Various Capital Improvements | 231,120.00 | 200,000.00 | 1,906.79 |
| 18-04-S | Improvements to Paterson Road | 427,500.00 | 425,000.00 | 2,500.00 |
| 18-12-S | Various Capital Improvements | 128,250.00 | 125,000.00 | 3,250.00 |
| 19-01-S | Various Capital Improvements | 1,036,000.00 | 1,025,000.00 | 11,000.00 |
| 19-09-S | Various Capital Acquisitions | 427,500.00 | 425,000.00 | 2,500.00 |
| 20-05-S | Various Capital Improvements | 380,000.00 | 375,000.00 | 5,000.00 |
| 20-14-S / 20-21-S | Improvements to Forest Road Park | 142,500.00 | | 115,525.50 |
| 20-22-S | Various Capital Improvements / Library Construction | 3,702,500.00 | | 3,702,500.00 |
| | | \$ 9,809,623.79 | \$ 5,304,439.00 | \$ 4,277,055.85 |
| | REF. | C | C-3 | |
| Unexpended Improvement Authorizations-Unfunded | C-9 | | | \$ 5,654,184.66 |
| Less: Unexpended Proceeds of Bond Anticipation Notes | C-3 | | | <u>1,377,128.81</u> |
| | | | | \$ <u>4,277,055.85</u> |
| Bond Anticipation Notes Payable | C-12 | \$ 5,349,634.00 | | |
| Less: Cash on Hand-Ordinance 17-09-S & 17-12-S | C-3 | | <u>45,195.00</u> | |
| | | \$ <u>5,304,439.00</u> | | |

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | | |
|-----------------------------------------------------|-------------|----|------------------------|
| Balance, December 31, 2019 | C | \$ | 3,445.78 |
| Increased by: | | | |
| 2020 Appropriations | C-2 | \$ | <u>32,500.00</u> |
| | | | 35,945.78 |
| Decreased by: | | | |
| Appropriation to Finance Improvement Authorizations | C-9 | | <u>27,500.00</u> |
| Balance, December 31, 2020 | C | \$ | <u><u>8,445.78</u></u> |

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | ORDINANCE DATE | ORDINANCE AMOUNT | BALANCE DECEMBER 31, 2019 | | 2020 AUTHORIZATIONS | PAID OR CHARGED | IMPROVEMENT AUTHORIZATIONS CANCELED | BALANCE DECEMBER 31, 2020 | |
|-----------------------|---------------------------------------------------------|----------------|------------------|---------------------------|-----------------|---------------------|-----------------|-------------------------------------|---------------------------|--------------|
| | | | | FUNDED | UNFUNDED | | | | FUNDED | UNFUNDED |
| General Improvements: | | | | | | | | | | |
| 05-22 | LaGrande Park Improvements | 10/11/05 | \$ 147,960.00 | \$ | \$ | \$ | (77.35) | \$ | 77.35 | \$ |
| 07-11/09-09 | Various Capital Improvements | 07/03/07 | 1,513,000.00 | | 53,003.16 | | (47,010.90) | | | 100,014.06 |
| 10-04 | Various Capital Improvements | 06/07/10 | 2,050,000.00 | 0.00 | 26,935.33 | | 3,260.00 | | | 23,675.33 |
| 11-08 | Various Capital Improvements | 06/14/11 | 1,363,582.00 | 11,806.24 | 239,598.98 | | 20,407.05 | | 11,389.00 | 219,609.17 |
| 13-08-S | Site Remediation | 05/21/13 | 350,000.00 | 13,535.95 | | | | | 13,535.95 | |
| 13-12-S | Various Capital Improvements | 12/20/14 | 1,805,000.00 | | 47,187.66 | | 27,133.24 | | | 20,054.42 |
| 14-06 | Various Capital Improvements | 09/15/14 | 982,650.00 | | 470.50 | | (50,342.00) | | 44,479.50 | 6,333.00 |
| 15-04-S | Various Capital Improvements | 07/20/15 | 1,287,000.00 | 120,491.98 | 60,000.00 | | 162,421.00 | | | 18,070.98 |
| 15-16-S | Improvements to Train Station | 12/07/15 | 65,000.00 | | | | | | 43.00 | |
| 15-17-S | Improvements to Forest Rd. Park | 12/07/15 | 100,000.00 | 4,043.00 | | | 4,000.00 | | | 203,226.00 |
| 16-01-S/18-11-S | Various Capital Improvements | 03/07/16 | 965,000.00 | 60,713.98 | 203,226.00 | | (7,171.86) | | 67,885.84 | 356,497.52 |
| 16-04-S | Various Capital Improvements | 06/06/16 | 1,245,000.00 | 0.00 | 330,266.81 | | (26,230.71) | | | 49,786.41 |
| 17-09-S/18-10-S | Various Capital Improvements | 05/01/17 | 1,335,000.00 | | 291,231.67 | | 241,445.26 | | | 3,575.35 |
| 17-12-S | Improvements to Forest Road Park | 08/07/17 | 505,000.00 | 204,061.00 | 273,750.00 | 80,000.00 | 554,235.65 | | | 199,500.00 |
| 17-13-S | Streetscape Improvements - South Ave. | 09/18/17 | 1,012,000.00 | 811,353.50 | 199,500.00 | | 182,333.00 | | 629,020.50 | 1,906.79 |
| 17-14-S | Various Capital Improvements | 12/18/17 | 286,640.00 | 0.00 | 9,871.79 | | 7,965.00 | | | 9,881.94 |
| 18-04-S | Improvements to Paterson Road | 06/04/18 | 700,000.00 | 0.00 | 10,462.74 | | 580.80 | | | 3,875.39 |
| 18-12-S | Various Capital Improvements | 08/05/18 | 135,000.00 | 0.00 | 4,689.95 | | 814.56 | | | 325,302.89 |
| 19-01-S | Various Capital Improvements | 03/04/19 | 1,492,000.00 | 0.00 | 283,696.41 | | (41,606.48) | | | 3,400.91 |
| 19-09-S | Various Capital Acquisitions | 05/20/19 | 450,000.00 | 0.00 | 44,733.33 | | 41,332.42 | | | 380,000.00 |
| 20-05-S | Various Capital Improvements | 03/16/20 | 800,000.00 | | | 800,000.00 | 6,851.25 | | 413,148.75 | 26,974.50 |
| 20-14-S / 20-21-S | Various Capital Improvements / Forest Rd. Park | 09/21/20 | 190,000.00 | | | 190,000.00 | 163,025.50 | | | 3,497,500.00 |
| 20-22-S | Various Capital Improvements / Construction New Library | 12/21/20 | 7,200,000.00 | | | 7,200,000.00 | | | | 3,702,500.00 |
| | | | \$ 1,226,005.65 | \$ 2,078,624.33 | \$ 8,270,000.00 | \$ 1,243,365.43 | \$ 4,677,079.89 | \$ 5,654,184.66 | | |
| | | REF. | C | C | | | C-10 | | C:C-3 | C:C-7 |
| | Capital Improvement Fund | | C-8 | | \$ 27,500.00 | | | | | |
| | Grants Receivable | | C-13 | | 4,017,500.00 | | | | | |
| | Deferred Charges Unfunded | | | | 4,225,000.00 | | | | | |
| | | | | | \$ 8,270,000.00 | | | | | |

"C-10"

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

| | <u>REF.</u> | | |
|---------------------------------------------|-------------|----|---------------------|
| Balance, December 31, 2019 | C | \$ | 1,575,152.92 |
| Increased by: | | | |
| Contracts Issued-Improvement Authorizations | C-9 | \$ | 1,243,365.43 |
| Refunds | C-2 | | <u>11,389.00</u> |
| | | | 1,254,754.43 |
| | | \$ | <u>2,829,907.35</u> |
| Decreased by: | | | |
| Cash Disbursements | C-2 | | <u>1,707,602.87</u> |
| Balance, December 31, 2020 | C | \$ | <u>1,122,304.48</u> |

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS

| <u>PURPOSE</u> | <u>DATE OF ISSUE</u> | <u>AMOUNT OF ORIGINAL ISSUE</u> | <u>MATURITIES OF BONDS OUTSTANDING DECEMBER 31, 2020</u> | | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2020</u> | | | |
|----------------------|----------------------|---------------------------------|----------------------------------------------------------|---------------|----------------------|----------------------------------|------------------|----------------------------------|-----------------|---------------|-----------------|
| | | | <u>DATE</u> | <u>AMOUNT</u> | | | | | | | |
| GENERAL IMPROVEMENTS | 7/15/16 | \$ 6,240,000.00 | 7/15/21 | \$ 250,000.00 | 3.000% | | | | | | |
| | | | 7/15/22 | 250,000.00 | 3.000% | | | | | | |
| | | | 7/15/23 | 250,000.00 | 3.000% | | | | | | |
| | | | 7/15/24 | 440,000.00 | 3.000% | | | | | | |
| | | | 7/15/25 | 450,000.00 | 2.000% | | | | | | |
| | | | 7/15/26 | 410,000.00 | 2.000% | | | | | | |
| | | | 7/15/27 | 425,000.00 | 2.000% | | | | | | |
| | | | 7/15/28 | 425,000.00 | 2.000% | | | | | | |
| | | | 7/15/29 | 430,000.00 | 2.000% | | | | | | |
| | | | 7/15/30 | 435,000.00 | 2.000% | | | | | | |
| | | | 7/15/31 | 475,000.00 | 2.125% | | | | | | |
| | | | 7/15/32 | 500,000.00 | 2.250% | | | | | | |
| | | | 7/15/33 | 500,000.00 | 2.250% | | | | \$ 5,480,000.00 | \$ 250,000.00 | \$ 5,240,000.00 |
| GENERAL IMPROVEMENTS | 7/15/08 | 3,200,000.00 | 7/15/21 | 350,000.00 | 4.350% | | | | | | |
| | | | 7/15/22 | 350,000.00 | 4.400% | | | | | | |
| | | | 7/15/23 | 350,000.00 | 4.400% | | | | 1,350,000.00 | 300,000.00 | 1,050,000.00 |
| GENERAL IMPROVEMENTS | 8/15/13 | 4,600,000.00 | 8/15/21 | 180,000.00 | 3.250% | | | | | | |
| | | | 8/15/22 | 185,000.00 | 3.500% | | | | | | |
| | | | 8/15/23 | 195,000.00 | 3.500% | | | | | | |
| | | | 8/15/24 | 200,000.00 | 3.500% | | | | | | |
| | | | 8/15/25 | 205,000.00 | 3.500% | | | | | | |
| | | | 8/15/26 | 215,000.00 | 3.500% | | | | | | |
| | | | 8/15/27 | 220,000.00 | 3.625% | | | | | | |
| | | | 8/15/28 | 230,000.00 | 3.750% | | | | | | |
| | | | 8/15/29 | 240,000.00 | 4.000% | | | | | | |
| | | | 8/15/30 | 240,000.00 | 4.125% | | | | | | |
| | | | 8/15/31 | 240,000.00 | 4.250% | | | | | | |
| | | | 8/15/32 | 240,000.00 | 4.250% | | | | | | |
| | | | 8/15/33 | 240,000.00 | 4.375% | | | | | | |
| | | | 8/15/34 | 240,000.00 | 4.500% | | | | | | |
| | | | 8/15/35 | 240,000.00 | 4.500% | | | | | | |
| | | | 8/15/36 | 240,000.00 | 4.500% | | | | 3,725,000.00 | 175,000.00 | 3,550,000.00 |
| | | | | | | | | | | | |
| | | | | | <u>REF.</u> | C | C-6 | C | | | |

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

| <u>ORDINANCE</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>DATE OF ISSUE OF ORIGINAL NOTE</u> | <u>DATE OF ISSUE</u> | <u>DATE OF MATURITY</u> | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>INCREASED</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|-----------------------|--------------------------------|---------------------------------------------------|--------------------------|-----------------------------|--------------------------|------------------------------------------|------------------|------------------|------------------------------------------|
| General Improvements: | | | | | | | | | |
| 13-12 | Various Capital Improvements | 04/21/17 | 04/16/19 | 04/15/20 | 2.50% | \$ 145,000.00 | \$ | \$ 145,000.00 | \$ |
| 14-06 | Various Capital Improvements | 04/21/17 | 04/16/19 | 04/15/20 | 2.50% | 32,000.00 | | 32,000.00 | |
| 15-04 | Various Capital Improvements | 04/21/17 | 04/16/19 | 04/15/20 | 2.50% | 60,000.00 | | 60,000.00 | |
| 16-04 | Various Capital Improvements | 04/21/17 | 04/16/19 | 04/15/20 | 2.50% | 1,108,000.00 | | 1,108,000.00 | |
| 17-09 | Various Capital Improvements | 04/19/18 | 04/16/19 | 04/15/20 | 2.50% | 1,000,000.00 | | 1,000,000.00 | |
| 17-12 | Park Improvements | 04/19/18 | 04/16/19 | 04/15/20 | 2.50% | 255,000.00 | | 255,000.00 | |
| 17-13 | Streetscape Improvements | 04/19/18 | 04/16/19 | 04/15/20 | 2.50% | 100,000.00 | | 100,000.00 | |
| 16-01 | Various Capital Improvements | 10/05/18 | 04/16/19 | 04/15/20 | 2.50% | 200,000.00 | | 200,000.00 | |
| 17-14 | Various Capital Improvements | 10/05/18 | 04/16/19 | 04/15/20 | 2.50% | 200,000.00 | | 200,000.00 | |
| 18-04 | Improvements to Paterson Road | 04/16/19 | 04/16/19 | 04/15/20 | 2.50% | 300,000.00 | | 300,000.00 | |
| 18-12 | Various Capital Improvements | 04/16/19 | 04/16/19 | 04/15/20 | 2.50% | 100,000.00 | | 100,000.00 | |
| 19-01 | Various Capital Improvements | 12/12/19 | 12/12/19 | 04/15/20 | 1.52% | 700,000.00 | | 700,000.00 | |
| 19-09 | Various Capital Acquisitions | 12/12/19 | 12/12/19 | 04/15/20 | 1.52% | 150,000.00 | | 150,000.00 | |
| 13-12 | Various Capital Improvements | 04/21/17 | 04/14/20 | 04/13/21 | 2.50% | | 101,321.00 | | 101,321.00 |
| 14-06 | Various Capital Improvements | 04/21/17 | 04/14/20 | 04/13/21 | 2.50% | | 5,683.00 | | 5,683.00 |
| 15-04 | Various Capital Improvements | 04/21/17 | 04/14/20 | 04/13/21 | 2.50% | | 25,727.00 | | 25,727.00 |
| 16-01 | Various Capital Improvements | 10/05/18 | 04/14/20 | 04/13/21 | 2.50% | | 200,000.00 | | 200,000.00 |
| 16-04 | Various Capital Improvements | 04/21/17 | 04/14/20 | 04/13/21 | 2.50% | | 1,066,903.00 | | 1,066,903.00 |
| 17-09 | Various Capital Improvements | 04/19/18 | 04/14/20 | 04/13/21 | 2.50% | | 1,000,000.00 | | 1,000,000.00 |
| 17-12 | Park Improvements | 04/19/18 | 04/14/20 | 04/13/21 | 2.50% | | 255,000.00 | | 255,000.00 |
| 17-12 | Park Improvements | 04/19/18 | 07/23/20 | 07/08/21 | 0.73% | | 20,000.00 | | 20,000.00 |
| 17-13 | Streetscape Improvements | 04/19/18 | 04/14/20 | 04/13/21 | 2.50% | | 100,000.00 | | 100,000.00 |
| 17-14 | Various Capital Improvements | 10/05/18 | 04/14/20 | 04/13/21 | 2.50% | | 200,000.00 | | 200,000.00 |
| 18-04 | Improvements to Paterson Road | 04/16/19 | 04/14/20 | 04/13/21 | 2.50% | | 300,000.00 | | 300,000.00 |
| 18-04 | Improvements to Paterson Road | 04/16/19 | 07/23/20 | 07/08/21 | 0.73% | | 125,000.00 | | 125,000.00 |
| 18-12 | Various Capital Improvements | 04/16/19 | 04/14/20 | 04/13/21 | 2.50% | | 100,000.00 | | 100,000.00 |
| 18-12 | Various Capital Improvements | 04/16/19 | 07/23/20 | 07/08/21 | 0.73% | | 25,000.00 | | 25,000.00 |
| 19-01 / 19-18 | Various Capital Improvements | 12/12/19 | 04/14/20 | 04/13/21 | 2.50% | | 1,000,000.00 | | 1,000,000.00 |
| 19-01 / 19-18 | Various Capital Improvements | 12/12/19 | 07/23/20 | 07/08/21 | 0.73% | | 25,000.00 | | 25,000.00 |
| 19-09 | Various Capital Acquisitions | 12/12/19 | 04/14/20 | 04/13/21 | 2.50% | | 400,000.00 | | 400,000.00 |
| 19-09 | Various Capital Acquisitions | 12/12/19 | 07/23/20 | 07/08/21 | 0.73% | | 25,000.00 | | 25,000.00 |
| 20-05 | Road Improvements | 07/23/20 | 07/23/20 | 07/08/21 | 0.73% | | 375,000.00 | | 375,000.00 |
| | | | | | | \$ 4,350,000.00 | \$ 5,349,634.00 | \$ 4,350,000.00 | \$ 5,349,634.00 |
| | | | | | REF. | C | C-2 | | C:C-7 |
| | Cash Disbursements | | | | C-2 | | \$ 4,204,634.00 | | |
| | Notes Paid by Budget | | | | | | 145,366.00 | | |
| | | | | | | | \$ 4,350,000.00 | | |

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

| | <u>REF.</u> | |
|----------------------------|-------------|-------------------------------|
| Balance, December 31, 2019 | C | \$ 1,730,444.08 |
| Increased by: | | |
| Grants Authorized | C-9 | <u>4,017,500.00</u> |
| | | \$ <u>5,747,944.08</u> |
| Decreased by: | | |
| Cash Receipts | C-2 | <u>361,250.00</u> |
| Balance, December 31, 2020 | C | \$ <u><u>5,386,694.08</u></u> |

"C-14"

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF RESERVE TO PAY DEBT SERVICE

| | <u>REF.</u> | | |
|----------------------------|-------------|----|---------------|
| Balance, December 31, 2019 | C | \$ | 405.29 |
| Decreased by: | | | |
| Cash Disbursements | C-2 | \$ | <u>405.29</u> |

"C-15"

BOROUGH OF FANWOOD
GENERAL CAPITAL FUND
SCHEDULE OF NJEIT LOAN PAYABLE

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2019 | C | \$ | 946,962.07 |
| Decreased by: | | | |
| Loan Paid by Budget | C-6 | | <u>67,233.34</u> |
| Balance, December 31, 2020 | C | \$ | <u><u>879,728.73</u></u> |

"C-16"

SCHEDULE OF DUE SEWER UTILITY OPERATING FUND

| | | | |
|---------------------------------------|-----|----|--------------------------|
| Increased by: | | | |
| Cash Disbursements | C-2 | \$ | 200,000.00 |
| Balance, December 31, 2020 (Due From) | C | \$ | <u><u>200,000.00</u></u> |

BOROUGH OF FANWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE</u> | |
|-----------------------------|----------------------------------------------------|--------------------------|-------------------|
| | | <u>DECEMBER 31, 2020</u> | |
| | | <u>CAPITAL FUND</u> | <u>TRUST FUND</u> |
| General Improvements: | | | |
| 07-11/09-09 | Various Capital Improvements | \$ 107,115.49 | \$ |
| 10-04 | Various Capital Improvements | 47,498.09 | |
| 11-08 | Various Capital Improvements | 239,598.98 | |
| 14-06 | Various Capital Improvements | 650.00 | |
| 15-08-S | Acquisition of Easement | 2,517.23 | |
| 15-16-S | Improvements to Train Station | 29,959.00 | |
| 16-01-S/18-11-S | Various Capital Improvements | 3,226.00 | |
| 16-04-S | Various Capital Improvements | 74,750.00 | |
| 17-12-S | Improvements to Forest Road Park | 0.00 | |
| 17-13-S | Streetscape Improvements - South Ave | 99,500.00 | |
| 17-14-S | Various Capital Improvements | 31,120.00 | |
| 18-04-S | Improvements to Paterson Road | 2,500.00 | |
| 18-12-S | Various Capital Improvements | 3,250.00 | |
| 19-01-S | Various Capital Improvements | 11,000.00 | |
| 19-09-S | Various Capital Acquisitions | 2,500.00 | |
| 20-05-S | Various Capital Improvements | 5,000.00 | |
| 20-14-S / 20-21-S | Improvements to Forest Road Park | 142,500.00 | |
| 20-22-S | Various Capital Improvement / Library Construction | 3,702,500.00 | |
| Local Improvements: | | | |
| 87-06 | Install Curbing on Cray Terrace | | 318.56 |
| | | \$ <u>4,505,184.79</u> | \$ <u>318.56</u> |
| | Assessment Lien | \$ | <u>318.56</u> |
| | | \$ | <u>318.56</u> |

BOROUGH OF FANWOOD

SEWER UTILITY FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | <u>OPERATING</u> | <u>CAPITAL</u> |
|-----------------------------|-------------|-----------------------------|-----------------------------|
| Balance, December 31, 2019 | D | \$ 66,490.59 | \$ 98,064.09 |
| Increased by Receipts: | | | |
| Sewer Use Charges | D-2 | \$ 428,767.43 | \$ |
| Miscellaneous | D-2 | 2,346.49 | |
| Due General Capital Fund | D-7 | 200,000.00 | |
| Due Current Fund | D-7 | 9,746.92 | |
| Due Sewer Capital Fund | D-7 | 70,000.00 | |
| Due Sewer Operating Fund | D-8 | | 31,620.03 |
| Bond Anticipation Note | D-16 | | 280,000.00 |
| Capital Improvement Fund | D-11 | | 1,000.00 |
| | | <u>710,860.84</u> | <u>312,620.03</u> |
| | | \$ <u>710,860.84</u> | \$ <u>312,620.03</u> |
| Decreased by Disbursements: | | | |
| 2020 Appropriations | D-3 | \$ 555,036.62 | \$ |
| 2019 Appropriation Reserves | D-12 | 4,714.85 | |
| Bond Anticipation Note | D-16 | | 150,000.00 |
| Due Sewer Operating Fund | D-8 | | 71,563.37 |
| Due Sewer Capital Fund | D-7 | <u>30,056.66</u> | |
| | | <u>589,808.13</u> | <u>221,563.37</u> |
| Balance, December 31, 2020 | D | \$ <u><u>187,543.30</u></u> | \$ <u><u>189,120.75</u></u> |

BOROUGH OF FANWOOD
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CAPITAL CASH

BALANCE
DECEMBER 31,
2020

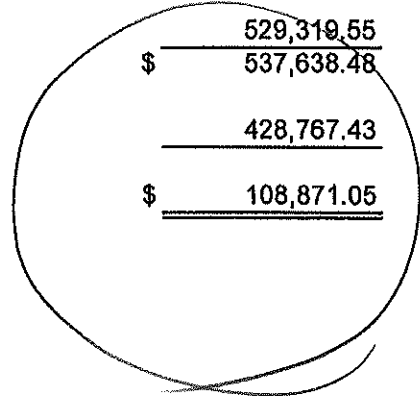
| | | |
|---------------------------------------|----|--------------------------|
| Capital Improvement Fund | \$ | 23,500.00 |
| Due Sewer Operating Fund | | (69,879.25) |
| Encumbrances Payable | | 93,200.00 |
| Improvement Authorizations: | | |
| Ord. 19-02 Various Sewer Improvements | | 5,000.00 |
| Ord. 20-06 Various Road Improvements | | <u>137,300.00</u> |
| | \$ | <u><u>189,120.75</u></u> |

REF.

D

BOROUGH OF FANWOOD
SEWER UTILITY OPERATING FUND
SCHEDULE OF USER ACCOUNTS RECEIVABLE

| | <u>REF.</u> | | |
|----------------------------|-------------|----|--------------------------|
| Balance, December 31, 2019 | D | \$ | 8,318.93 |
| Increased by: | | | |
| Sewer Rents Levied - Net | D-2 | | <u>529,310.55</u> |
| | | \$ | <u>537,638.48</u> |
| Decreased by: | | | |
| Collections | D-2:D-4 | | <u>428,767.43</u> |
| Balance, December 31, 2020 | D | \$ | <u><u>108,871.05</u></u> |



BOROUGH OF FANWOOD

SEWER UTILITY FUND

SCHEDULE OF INTERFUNDS - OPERATING FUND

| | <u>REF.</u> | <u>TOTAL</u> | <u>CURRENT FUND</u> | <u>SEWER CAPITAL FUND</u> | <u>GENERAL CAPITAL FUND</u> |
|---------------------------------------|-------------|----------------------|-------------------------|-------------------------------|-------------------------------------|
| Balance, December 31, 2019: Due To | D | \$ 29,935.91 | \$ | \$ 29,935.91 | \$ |
| Receipts | D-4 | <u>279,746.92</u> | <u>9,746.92</u> | <u>70,000.00</u> | <u>200,000.00</u> |
| Disbursements | D-4 | <u>30,056.66</u> | | <u>30,056.66</u> | |
| Balance, December 31, 2020: Due To | D | \$ <u>279,626.17</u> | \$ <u>9,746.92</u> | \$ <u>69,879.25</u> | \$ <u>200,000.00</u> |

"D-8"

BOROUGH OF FANWOOD

SEWER UTILITY FUND

SCHEDULE OF DUE OPERATING FUND - CAPITAL FUND

| | <u>REF.</u> | <u>TOTAL</u> |
|-----------------------------|-------------|---------------------|
| Balance, December 31, 2019: | | |
| Due From | D | \$ 29,935.91 |
| Receipts | D-4 | <u>31,620.03</u> |
| Disbursements | D-4 | <u>71,563.37</u> |
| Balance, December 31, 2020: | | |
| Due From | D | \$ <u>69,879.25</u> |

"D-9"

BOROUGH OF FANWOOD

SEWER UTILITY OPERATING FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

| | <u>REF.</u> | | |
|---------------------------------------|-------------|----|----------------------|
| Balance, December 31, 2019 | D | \$ | 4,714.85 |
| Increased by: | | | |
| Charges to 2020 Appropriations | D-3 | | <u>106.90</u> |
| | | \$ | 4,821.75 |
| Decreased by: | | | |
| Transferred to Appropriation Reserves | D-12 | | <u>4,714.85</u> |
| Balance, December 31, 2020 | D | \$ | <u><u>106.90</u></u> |

BOROUGH OF FANWOOD
SEWER UTILITY OPERATING FUND
SCHEDULE OF SEWER OVERPAYMENTS

Balance, December 31, 2020 and
December 31, 2019

REF.

D

\$ 15.16

"D-11"

BOROUGH OF FANWOOD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | |
|----------------------------------------------------|-------------|----------------------------|
| Balance, December 31, 2019 | D | \$ 30,000.00 |
| Increased by: | | |
| 2020 Budget Appropriation | D-3 | <u>1,000.00</u> |
| | | \$ <u>31,000.00</u> |
| Decreased by: | | |
| Appropriation to Finance Improvement Authorization | D-15 | <u>7,500.00</u> |
| Balance, December 31, 2020 | D | \$ <u><u>23,500.00</u></u> |

BOROUGH OF FANWOOD
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES

| | <u>BALANCE DECEMBER 31, 2019</u> | <u>BALANCE AFTER TRANSFERS</u> | <u>PAID OR CHARGED</u> | <u>BALANCE LAPSED</u> |
|--------------------------------|------------------------------------------|----------------------------------------|----------------------------|---------------------------|
| Operating: | | | | |
| Other Expenses - Miscellaneous | \$ <u>1,747.16</u> | \$ <u>6,462.01</u> | \$ <u>4,714.85</u> | \$ <u>1,747.16</u> |
| <u>Operating Total</u> | \$ <u>1,747.16</u> | \$ <u>6,462.01</u> | \$ <u>4,714.85</u> | \$ <u>1,747.16</u> |
| | \$ <u><u>1,747.16</u></u> | \$ <u><u>6,462.01</u></u> | \$ <u><u>4,714.85</u></u> | \$ <u><u>1,747.16</u></u> |
| | <u>REF.</u> D | | | D-1 |
| Balance, December 31, 2019 | D | \$ 1,747.16 | | |
| Encumbrances Payable | D-9 | 4,714.85 | | |
| Cash Disbursements | D-4 | \$ <u>6,462.01</u> | \$ <u>4,714.85</u> | |

"D-13"

BOROUGH OF FANWOOD
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

| | <u>REF.</u> | |
|----------------------------|-------------|----------------------------|
| Balance, December 31, 2019 | D | \$ 93,000.00 |
| Increased by: | | |
| Encumbrances Issued | D-15 | \$ <u>200.00</u> |
| Balance, December 31, 2020 | D | \$ <u><u>93,200.00</u></u> |

BOROUGH OF FANWOOD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>ORDINANCE</u> | | <u>BALANCE DECEMBER 31, 2019</u> | <u>DEFERRED CHARGES TO FUTURE REVENUE</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|-----------------------------|--------------------------------|------------------|---------------|------------------------------------------|-------------------------------------------------------|------------------------------------------|
| | | <u>DATE</u> | <u>AMOUNT</u> | | | |
| 19-02 | Various Sewer Improvements | 3/4/19 | \$ 170,000.00 | \$ 170,000.00 | \$ | \$ 170,000.00 |
| 20-06 | Various Sewer Improvements | 3/16/20 | 150,000.00 | | 150,000.00 | 150,000.00 |
| | | | | \$ 170,000.00 | \$ 150,000.00 | \$ 320,000.00 |
| | | <u>REF.</u> | | D | D-15 | D |

BOROUGH OF FANWOOD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | ORDINANCE | | BALANCE DECEMBER 31, 2019 | | 2020 AUTHORIZATIONS | PAID OR CHARGED | BALANCE DECEMBER 31, 2020 | |
|---------------------|----------------------------|-------------|---------------|------------------------------|--------------|------------------------|--------------------|------------------------------|---------------|
| | | DATE | AMOUNT | FUNDED | UNFUNDED | | | FUNDED | UNFUNDED |
| 19-02 | Various Sewer Improvements | 3/4/19 | \$ 170,000.00 | \$ | \$ 25,000.00 | \$ | \$ | \$ | \$ 25,000.00 |
| 20-06 | Various Road Improvements | 3/16/20 | 150,000.00 | | | 150,000.00 | 200.00 | 7,300.00 | 142,500.00 |
| | | | | \$ | \$ 25,000.00 | \$ 150,000.00 | \$ 200.00 | \$ 7,300.00 | \$ 167,500.00 |
| | | <u>REF.</u> | | D | D | | | D | D |
| | Debt Authorized | D-14 | | | | \$ 142,500.00 | | | |
| | Capital Improvement Fund | D-11 | | | | 7,500.00 | | | |
| | | | | | | \$ 150,000.00 | | | |
| | Contracts Payable | D-13 | | | | | \$ 200.00 | | |

"D-16"

BOROUGH OF FANWOOD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

| <u>ORDINANCE</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>DATE OF ISSUE OF ORIGINAL NOTE</u> | <u>DATE OF ISSUE</u> | <u>DATE OF MATURITY</u> | <u>INTEREST RATE</u> | <u>BALANCE DECEMBER 31, 2019</u> | <u>INCREASED</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|-----------------------|--------------------------------|---------------------------------------------------|--------------------------|-----------------------------|--------------------------|------------------------------------------|----------------------|----------------------|------------------------------------------|
| General Improvements: | | | | | | | | | |
| 19-02/19-13 | Various Sewer Improvements | 12/12/19 | 04/14/20 | 04/13/21 | 2.50% | \$ 150,000.00 | \$ 150,000.00 | \$ 150,000.00 | \$ 150,000.00 |
| 20-06 | Various Road Improvements | 07/23/20 | 07/23/20 | 07/08/21 | 0.73% | | 130,000.00 | | 130,000.00 |
| | | | | | | <u>\$ 150,000.00</u> | <u>\$ 280,000.00</u> | <u>\$ 150,000.00</u> | <u>\$ 280,000.00</u> |
| | | | | | <u>REF.</u> | D | D-4 | D-4 | D |

Show here
Principal Payoff
in April

"D-17"

BOROUGH OF FANWOOD

SEWER UTILITY OPERATING FUND

SCHEDULE OF DEFERRED CHARGES

| <u>DESCRIPTION</u> | <u>INCREASED</u> | BALANCE DECEMBER <u>31, 2020</u> |
|----------------------------------------------------|-----------------------------|----------------------------------------|
| Special Emergency - COVID-19 - Deficit in Revenues | \$ <u>120,157.57</u> | \$ <u>120,157.57</u> |
| | \$ <u><u>120,157.57</u></u> | \$ <u><u>120,157.57</u></u> |
| <u>REF.</u> | D-4 | D |

BOROUGH OF FANWOOD

SEWER UTILITY CAPITAL FUND

SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>FIXED CAPITAL AUTHORIZED</u> | <u>BALANCE DECEMBER 31, 2020</u> |
|-----------------------------|------------------------------------|-----------------------------------------|------------------------------------------|
| 20-06 | Various Sewer Improvements | \$ <u>7,500.00</u> | \$ <u>\$7,500.00</u> |
| | <u>REF.</u> | D-14 | D |

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PART II
BOROUGH OF FANWOOD
STATISTICAL DATA
LIST OF OFFICIALS
COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2020

**COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND**

| | <u>YEAR 2020</u> | | <u>YEAR 2019</u> | |
|----------------------------------------------------|-------------------------|----------------|-------------------------|----------------|
| | <u>AMOUNT</u> | <u>%</u> | <u>AMOUNT</u> | <u>%</u> |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Fund Balance Utilized | \$ 650,000.00 | 1.76% | \$ 1,060,000.00 | 2.85% |
| Miscellaneous From Other Than Local Property | | | 0.00 | |
| Tax Levies | 2,319,928.97 | 6.27% | 2,442,042.08 | 6.56% |
| Special Emergency - COVID 19 - Revenue Shortfall | 110,000.00 | 0.30% | | |
| Collection of Delinquent Taxes and Tax Title Liens | 220,316.60 | 0.60% | 194,392.27 | 0.52% |
| Collection of Current Tax Levy | <u>33,718,471.56</u> | <u>91.08%</u> | <u>33,519,503.20</u> | <u>90.07%</u> |
| | | | | |
| <u>Total Income</u> | <u>\$ 37,018,717.13</u> | <u>100.00%</u> | <u>\$ 37,215,937.55</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures | \$ 9,665,798.33 | 26.22% | \$ 9,719,443.12 | 26.47% |
| County Taxes | 6,359,344.07 | 17.25% | 6,524,454.06 | 17.77% |
| Regional High School Taxes | 20,717,903.50 | 56.19% | 20,431,646.00 | 55.65% |
| Municipal Open Space Taxes | 125,763.11 | 0.34% | 23,039.59 | 0.06% |
| Miscellaneous | <u>0.00</u> | <u>0.00%</u> | <u>13,962.10</u> | <u>0.04%</u> |
| | | | | |
| <u>Total Expenditures</u> | <u>\$ 36,868,809.01</u> | <u>100.00%</u> | <u>\$ 36,712,544.87</u> | <u>100.00%</u> |
| | | | | |
| Excess in Revenue | \$ 149,908.12 | | \$ 503,392.68 | |
| Adjustment to Income Before Fund Balance: | | | | |
| Expenditures Included Above Which are by Statute | | | | |
| Deferred Charges to Budgets of Succeeding Years | <u>640,000.00</u> | | <u>80,000.00</u> | |
| | | | | |
| Regulatory Excess to Fund Balance | \$ 789,908.12 | | \$ 307,526.12 | |
| | | | | |
| Fund Balance, January 1 | <u>705,844.68</u> | | <u>1,182,452.00</u> | |
| | \$ 1,495,752.80 | | \$ 1,489,978.12 | |
| | | | | |
| Less: Utilization as Anticipated Revenue | <u>650,000.00</u> | | <u>1,060,000.00</u> | |
| | 0 | | | |
| Fund Balance, December 31 | <u>\$ 845,752.80</u> | | <u>\$ 705,844.68</u> | |
| | 0.00 | | 0.00 | |

**COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - SEWER UTILITY FUND**

| | <u>YEAR 2020</u> | | <u>YEAR 2019</u> | |
|-------------------------------------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | <u>AMOUNT</u> | <u>%</u> | <u>AMOUNT</u> | <u>%</u> |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Sewer Use Charges | \$ 428,767.43 | 74.18% | \$ 276,603.85 | 92.30% |
| Sewer Connection Fees | | | 2,000.00 | 0.67% |
| Miscellaneous | 2,346.49 | 0.41% | 2,852.41 | 0.95% |
| Special Emergency - COVID 19 Revenue Shortfall | 120,157.57 | 20.79% | | |
| Other Credits to Income: | | | | |
| Unexpended Balance of Appropriation Reserves | <u>1,747.16</u> | <u>0.30%</u> | <u>18,235.45</u> | <u>6.08%</u> |
| <u>Total Income</u> | \$ <u>578,018.65</u> | <u>100.00%</u> | \$ <u>299,691.71</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures: | | | | |
| Operating | \$ 567,145.00 | 99.42% | \$ 268,947.49 | 98.17% |
| Capital Improvements | 1,000.00 | 0.18% | 5,000.00 | 1.83% |
| Debt Service | 2,280.00 | 0.40% | - | |
| Other | | | | |
| <u>Total Expenditures</u> | \$ <u>570,425.00</u> | <u>100.00%</u> | \$ <u>273,947.49</u> | <u>100.00%</u> |
| Excess in Revenue | \$ 7,593.65 | | \$ 25,744.22 | |
| Fund Balance, January 1 | <u>30,077.51</u> | | <u>4,333.29</u> | |
| | \$ <u>37,671.16</u> | | \$ <u>30,077.51</u> | |
| Decreased by: | | | | |
| Utilization as Anticipated Revenue | <u>25,000.00</u> | | | |
| Fund Balance, December 31 | \$ <u>12,671.16</u> | | \$ <u>30,077.51</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------------|--------------|---------------|---------------|
| Tax Rate | <u>2.697</u> | <u>14.650</u> | <u>14.541</u> |
| Apportionment of Tax Rate: | | | |
| Municipal | 0.489 | 2.667 | 2.676 |
| Municipal Library | 0.033 | 0.181 | 0.178 |
| Municipal Open Space | 0.010 | 0.010 | 0.010 |
| County | 0.505 | 2.832 | 2.846 |
| Local School | 1.660 | 8.960 | 8.831 |

ASSESSED VALUATIONS

| | | | |
|------|---------------------------|-------------------------|-------------------------|
| 2020 | <u>\$1,255,569,244.00</u> | | |
| 2019 | | <u>\$229,937,003.00</u> | |
| 2018 | | | <u>\$229,450,626.00</u> |

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 COLLECTION</u> | <u>PERCENTAGE OF COLLECTIONS</u> |
| 2020 | \$33,924,384.38 | \$33,718,471.56 | 99.39% |
| 2019 | \$33,757,298.90 | \$33,519,503.20 | 99.30% |
| 2018 | \$33,438,136.57 | \$33,227,578.65 | 99.37% |

DELINQUENT TAXES AND TAX TITLE LIENS

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

| <u>YEAR</u> | <u>AMOUNT OF TAX TITLE LIENS</u> | <u>AMOUNT OF DELINQUENT TAXES</u> | <u>TOTAL DELINQUENT</u> | <u>PERCENTAGE OF TAX LEVY</u> |
|-------------|--------------------------------------|-------------------------------------------|-----------------------------|-----------------------------------|
| 2020 | \$30,186.29 | \$180,147.43 | \$210,333.72 | 0.62% |
| 2019 | \$29,649.59 | \$224,008.67 | \$225,153.80 | 0.67% |
| 2018 | \$28,477.59 | \$196,676.21 | \$168,303.69 | 0.50% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2020 | \$12,279.00 |
| 2019 | \$12,279.00 |
| 2018 | \$12,279.00 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>YEAR</u> | <u>BALANCE DECEMBER 31</u> | <u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u> |
|--------------------|-------------|--------------------------------|------------------------------------------------------|
| Current Fund | 2020 | \$711,199.38 | \$700,000.00 |
| | 2019 | 705,844.68 | 650,000.00 |
| | 2018 | 1,184,312.49 | 1,029,000.00 |
| | 2017 | 1,513,191.52 | 1,093,000.00 |
| | 2016 | 1,164,690.64 | 750,000.00 |
| Sewer Utility Fund | 2020 | \$12,671.16 | \$-0- |
| | 2019 | 30,077.91 | 25,000.00 |
| | 2018 | 4,333.29 | -0- |
| | | | |

OFFICIALS IN OFFICE AND SURETY BONDS

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

| <u>NAME</u> | <u>TITLE</u> | <u>AMOUNT</u> |
|-----------------------|------------------------------------------------|---------------|
| Colleen Mahr | Mayor | * |
| Anthony Carter | Council President | * |
| Jeffrey Banks | Councilman | * |
| Katherine Mitchell | Councilwoman | * |
| Patricia Walsh | Councilwoman | * |
| Erin McElroy Barker | Councilwoman | * |
| Francine Glaser | Councilwoman | * |
| Kathleen Holmes | Borough Clerk | * |
| Frederick J. Tomkins | CFO / Acting Administrator (thru December) | * |
| Patricia Celardo | Assistant Treasurer | * |
| Colleen Huehn | Tax Collector / Utility Collector | * |
| Rayna Harris | Borough Administrator / Deputy Clerk | * |
| Michael Ross | Tax Assessor | * |
| Antonios Panagopoulos | Borough Engineer | * |
| Russel Huegel | Borough Attorney | * |
| Daniel Antonelli | Prosecutor | * |
| Susan Macmullan | Magistrate | * |
| Joy Veeck | Court Administrator | * |
| Doreen Toffolo | Deputy Court Administrator (retired June 2020) | * |
| Richard Trigo | Chief Of Police (retired September 2020) | * |
| Frank Spallone | Construction Code Official | * |

* - \$1,000,000.00 Municipal Joint Insurance Fund Crime and Theft Policy

All Bonds were examined and properly executed.

COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds, not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971 c.198 (C.40A:11-3), except by contract or agreement.

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$44,000.00 if the entity has a Qualified Purchasing Agent. Per Resolution 19-10-168, the Borough extended an existing agreement with another municipality to provide Qualified Purchasing Agent Services effective October 21, 2019 for another three year period.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$44,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

Various Road Improvements
Borough Hall Renovations

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

The minutes indicate that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" as required by N.J.S.A. 40:11-14:

Bond Counsel
Auditor
Engineering & Architectural Services
Attorney

GENERAL COMMENTS (CONTINUED)

COLLECTION OF INTEREST ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 21, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

The Collector of Taxes shall charge interest at the rate of eight (8%) percent per annum on the first \$1,500.00 of the delinquency, which term is defined in N.J.S.A. 54:4-67, and eighteen (18%) percent per annum on any amount of the delinquency, as that term is defined in N.J.S.A. 54:4-67, in excess of the \$1,500.00, to be calculated from the date the taxes and/or assessments were payable until the date that actual payment to the lien holder is next authorized; and the Tax Collector shall also charge a penalty of an additional six (6%) percent of the amount of the delinquency, as that term is defined by N.J.S.A. 54:4-67, to a taxpayer with such a delinquency in excess of \$10,000.00 and who fails to pay that delinquency prior to the end of the fiscal year. If such taxes and/or assessments are fully paid and satisfied by the holder of an outstanding tax sale certificate, such holders shall be entitled to receive the six (6%) percent penalty as part of the amount required to be paid by the taxpayer in order to redeem such tax sale certificate.

It appears from an examination of the Collector's records that interest was collected in accordance with the foregoing resolution.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

| <u>TYPE</u> | |
|----------------------------------|----|
| Payments of 2021 Taxes | 25 |
| Payments of 2020 Taxes | 25 |
| Delinquent Taxes | 25 |
| Payment of Sewer Utility Charges | 15 |
| Delinquent Sewer Utility Charges | 15 |

GENERAL COMMENTS (CONTINUED)

TAX TITLE LIENS

The last tax sale was held on November 19, 2020 and was complete.

An examination of the tax sale certificates revealed all certificates were on file and available for audit.

The following is a comparison of the number of tax title liens receivable on December 31 of the last three years:

| <u>YEARS</u> | <u>NUMBER OF LIENS</u> |
|--------------|----------------------------|
| 2020 | 1 |
| 2019 | 1 |
| 2018 | 1 |

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax paying basis.

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which require a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out as of the end of the year. It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Encumbrance System

On a test check basis, we examined the paid claims of the various funds for proper signatures, approvals and authorizations, support documentation, correct extensions and applicability to account or appropriations charged. Our examination disclosed that several orders were placed prior to encumbrance of funds, and invoices and approval signatures were not always present.

General and General Capital Fund Ledgers

Several adjustments needed to be made to the Current Fund and General Capital Fund Ledgers to properly reflect account balances.

Payment and Approval of Claims

Our review of cash disbursement noted that several vouchers were paid without the required certification of an employee having knowledge of the goods that have been received or services rendered to the municipality.

RECOMMENDATIONS

*That funds be encumbered prior to ordering of goods and services and all vouchers contain the required support documentation and approvals prior to their payments.

*That the Current Fund and General Capital Fund General Ledgers be accurately maintained.

That all vouchers contain the required certifications prior to their payments.

*Prior Year Recommendations

