

*BOROUGH OF CHATHAM*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2020*

*NISIVOCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
REPORT OF AUDIT  
2020

BOROUGH OF CHATHAM  
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BOROUGH OF CHATHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Chatham  
Chatham, New Jersey

### **Report on the Financial Statements**

We have audited the financial statements – *regulatory basis* – of the various funds of the Borough of Chatham in the County of Morris (the "Borough") as of, and for the years ended December 31, 2020 and 2019, and the related notes to financial statements, as listed in the foregoing 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 accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough'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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

As described in Note 1, the financial statements are prepared by the Borough on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the various funds and account group of the Borough as of December 31, 2020 and 2019, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended on the basis of accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, as described in Note 1.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary data schedules and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund financial statements or to the various fund financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Chatham  
Page 3

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2021 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
June 4, 2021

NISIVOCCIA LLP

*Francis Jones of Nisivoccia LLP*

Francis Jones  
Registered Municipal Accountant No. 442  
Certified Public Accountant

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
CURRENT FUND

BOROUGH OF CHATHAM  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 4,754,472.32	\$ 4,570,931.03
Change Fund		300.00	300.00
		<u>4,754,772.32</u>	<u>4,571,231.03</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	451,682.57	346,310.20
Tax Title Liens Receivable	A-8	11,919.37	11,275.19
Property Acquired for Taxes at Assessed Valuation		32,200.00	32,200.00
Revenue Accounts Receivable	A-9	31,470.13	31,470.13
Sewer Fees Receivable	A-10	22,004.41	56,936.11
Due from Animal Control Fund	B	129.15	6,629.39
Due from Water Utility Operating Fund	D		5,929.07
Due from Solid Waste Utility Operating Fund	E		17,673.63
		<u>549,405.63</u>	<u>508,423.72</u>
Deferred Charges:			
Special Emergency Appropriation		624,000.00	193,000.00
		<u>5,928,177.95</u>	<u>5,272,654.75</u>
Federal and State Grant Fund:			
Grants Receivable	A-13	148,933.80	15,433.80
Due from Other Trust Fund	B	750.00	750.00
Due from Current Fund	A	285,342.24	127,921.17
		<u>435,026.04</u>	<u>144,104.97</u>
TOTAL ASSETS		<u><u>\$ 6,363,203.99</u></u>	<u><u>\$ 5,416,759.72</u></u>

BOROUGH OF CHATHAM  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 190,483.57	\$ 87,059.86
Unencumbered	A-3;A-11	744,806.75	594,602.44
		<u>935,290.32</u>	<u>681,662.30</u>
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		32,351.80	31,561.80
Due to State of New Jersey - Marriage License		100.00	150.00
County Added and Omitted Taxes Payable		18,272.83	28,431.92
Prepaid Taxes		335,146.41	329,099.79
Tax Overpayments		327,014.36	282,245.45
Library Tax Payable		10,888.03	10,888.03
Due to Federal and State Grant Fund	A	285,342.24	127,921.17
Due to Other Trust Funds	B	200,642.20	105,377.56
Due to General Capital Fund	C		175,893.76
Due Water Utility Operating Fund	D	173.80	
Due to Solid Waste Utility Operating Fund	E	37,279.65	
Reserve for:			
Master Plan		930.00	930.00
Revaluation		350,000.00	
FEMA		101,525.93	101,525.93
Rent Security		86,836.70	86,836.70
		<u>2,721,794.27</u>	<u>1,962,524.41</u>
Reserve for Receivables and Other Assets	A	549,405.63	508,423.72
Fund Balance	A-1	<u>2,656,978.05</u>	<u>2,801,706.62</u>
 Total Regular Fund		 <u>5,928,177.95</u>	 <u>5,272,654.75</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-15	270,646.56	141,854.97
Unappropriated Reserves	A-14	164,379.48	2,250.00
		<u>435,026.04</u>	<u>144,104.97</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		 <u>\$ 6,363,203.99</u>	 <u>\$ 5,416,759.72</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
Fund Balance Utilized		\$ 2,220,000.00	\$ 2,215,000.00
Miscellaneous Revenue Anticipated		3,382,774.79	3,357,813.91
Receipts from:			
Delinquent Taxes		333,951.58	243,564.28
Current Taxes		44,392,832.66	43,886,848.43
Nonbudget Revenue		129,648.28	366,746.11
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		285,080.26	422,961.36
Federal and State Grant Fund -			
Appropriated Reserves Cancelled		2,178.00	55,661.03
Interfunds Returned		30,232.09	130.00
Total Income		<u>50,776,697.66</u>	<u>50,548,725.12</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		13,637,762.17	13,266,999.49
County Taxes		6,873,925.95	7,113,988.31
Regional School District Taxes		28,531,661.00	27,973,521.00
Borough Open Space Tax		105,576.21	105,272.91
Refund of Prior Year Revenue		25,193.75	13,839.60
Federal and State Grant Fund - Grants Receivable Cancelled		2,178.00	55,661.03
Interfunds and Other Accounts Receivable Advanced		129.15	26,430.19
Total Expenditures		<u>49,176,426.23</u>	<u>48,555,712.53</u>
Excess in Revenue		\$ 1,600,271.43	\$ 1,993,012.59
Adjustments Before Fund Balance:			
Special Emergency Authorization- Loss of Revenues			
due to COVID-19		300,000.00	
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year		<u>175,000.00</u>	<u>175,000.00</u>
Statutory Excess to Fund Balance		2,075,271.43	2,168,012.59
<u>Fund Balance</u>			
Balance January 1		<u>2,801,706.62</u>	<u>2,848,694.03</u>
Decreased by:		<u>4,876,978.05</u>	<u>5,016,706.62</u>
Utilized as Anticipated Revenue		<u>2,220,000.00</u>	<u>2,215,000.00</u>
Balance December 31	A	<u>\$ 2,656,978.05</u>	<u>\$ 2,801,706.62</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 2,220,000.00	\$ 2,220,000.00	
Miscellaneous Revenue:			
Licenses:			
Alcoholic Beverages	11,700.00	14,000.00	\$ 2,300.00
Fees and Permits	62,500.00	47,139.85	15,360.15 *
Fines and Costs:			
Municipal Court	122,000.00	45,046.81	76,953.19 *
Interest and Costs on Taxes	64,000.00	103,024.05	39,024.05
Interest on Investments and Deposits	50,000.00	33,555.29	16,444.71 *
Parking Meters	440,000.00	210,773.21	229,226.79 *
Sewer User Fees	1,025,000.00	1,128,063.36	103,063.36
Cable TV Franchise Fee	125,000.00	132,808.91	7,808.91
Energy Receipts Tax	569,796.00	569,795.99	0.01 *
Watershed Moratorium Offset Aid	2,303.00	2,303.00	
Uniform Construction Code Fees	42,500.00	36,986.71	5,513.29 *
Shared Service - Joint Recreation Director's Services	29,231.00	30,415.80	1,184.80
Farmer's Market Fees	15,000.00	12,392.33	2,607.67 *

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Miscellaneous Revenue:			
Body Armor Replacement Fund	\$ 2,178.00	\$ 2,178.00	
NJ-DOT Local Aid Grant- Washington Avenue Improvement	133,500.00	133,500.00	
Lease of Municipal Property	645,000.00	665,791.48	\$ 20,791.48
Water Utility Operating Surplus of Prior Year	215,000.00	215,000.00	
Total Miscellaneous Revenue	<u>3,554,708.00</u>	<u>3,382,774.79</u>	<u>171,933.21 *</u>
Receipts from Delinquent Taxes	<u>240,000.00</u>	<u>333,951.58</u>	<u>93,951.58</u>
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	8,395,132.00	9,822,546.50	1,427,414.50
Minimum Library Tax	869,123.00	869,123.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>9,264,255.00</u>	<u>10,691,669.50</u>	<u>1,427,414.50</u>
Budget Totals	15,278,963.00	16,628,395.87	1,349,432.87
Nonbudget Revenue		129,648.28	129,648.28
	<u>\$ 15,278,963.00</u>	<u>\$ 16,758,044.15</u>	<u>\$ 1,479,081.15</u>

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 44,392,832.66
Allocated to County, Local School District and Open Space Taxes	35,511,163.16
Balance for Support of Municipal Budget	8,881,669.50
 Add: Appropriation "Reserve for Uncollected Taxes"	 1,810,000.00
 Realized for Support of Municipal Budget	 \$ 10,691,669.50

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 333,951.58
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Analysis of Parking Meters:

Parking Meters	\$ 210,773.21
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Analysis of Interest on Deposits

Cash Received	\$ 26,510.02
Due from General Capital Fund	4,297.75
Due from Other Trust Fund	2,747.52

\$ 33,555.29

Analysis of Fees and Permits:

Planning and Zoning Board	\$ 18,470.45
Health Officer	11,628.00
Gun Permits	2,876.95
Fire Safety Permits	14,164.45

\$ 47,139.85

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Vendor Permits	\$	93.00	
Police- Alarm System Fees		7,250.00	
Police- Reports		4.00	
Road Opening		20,540.00	
Prior Year Refund		29,032.60	
Other Miscellaneous		72,244.53	
	\$		129,164.13

Tax Collector:

Other Miscellaneous		355.00	
Due from Animal Control Fund:			
Statutory Excess in Reserve for Animal Control Fund Expenditures		129.15	
	\$		129,648.28

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
Administrative and Executive:					
Salaries and Wages:	\$ 102,500.00	\$ 133,000.00	\$ 130,916.50	\$ 2,083.50	
Other Expenses:	144,750.00	177,250.00	115,485.26	61,764.74	
Community Services:					
Salaries and Wages	139,520.00	114,520.00	114,256.35	263.65	
Other Expenses	20,700.00	20,700.00	13,749.91	6,950.09	
Human Services:					
Salaries and Wages	28,000.00	28,000.00	18,032.62	9,967.38	
Other Expenses	8,000.00	8,000.00	2,518.49	5,481.51	
Mayor and Council:					
Other Expenses	2,500.00	2,500.00	1,510.00	990.00	
Borough Clerk:					
Salaries and Wages	148,960.00	148,960.00	148,471.06	488.94	
Other Expenses	27,500.00	37,500.00	29,069.27	8,430.73	
Financial Administration:					
Salaries and Wages	87,450.00	98,737.00	86,672.47	12,064.53	
Other Expenses	120,000.00	131,000.00	128,683.81	2,316.19	
Audit Service:					
Other Expenses	36,000.00	36,000.00	30,800.00	5,200.00	
Tax Collection:					
Salaries and Wages	62,700.00	62,700.00	60,028.00	2,672.00	
Other Expenses	6,000.00	6,000.00	5,960.77	39.23	

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Tax Assessment:					
Salaries and Wages	\$ 52,840.00	\$ 52,840.00	\$ 48,437.76	\$ 4,402.24	
Other Expenses (N.J.S.A. 40A:4-53 + \$175,000)	29,500.00	204,500.00	204,201.45	298.55	
Legal:					
Other Expenses	170,000.00	210,000.00	173,050.73	36,949.27	
Engineering Services and Costs:					
Salaries and Wages	57,650.00	57,650.00	57,553.44	96.56	
Other Expenses	6,500.00	6,500.00	5,610.77	889.23	
Public Buildings and Grounds:					
Other Expenses	63,500.00	63,500.00	56,325.47	7,174.53	
Public Employee Occupational Safety and Health Act:					
Other Expenses	8,000.00	8,000.00	5,668.70	2,331.30	
Municipal Court - Joint Court:					
Other Expenses	178,600.00	178,600.00	155,677.72	22,922.28	
Historical Preservation:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Municipal Land Use Law (NJSA 40:55D-1):					
Planning Board:					
Salaries and Wages	49,450.00	49,450.00	35,721.78	13,728.22	
Other Expenses	23,500.00	23,500.00	11,284.15	12,215.85	
Zoning Board of Adjustment:					
Salaries and Wages	49,450.00	49,450.00	35,721.78	13,728.22	
Other Expenses	8,300.00	8,300.00	5,496.80	2,803.20	
Shade Tree:					
Other Expenses	25,000.00	25,000.00	15,537.00	9,463.00	

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Community Service - Condo Costs					
Other Expenses	\$ 2,000.00	\$ 2,000.00		\$ 2,000.00	
PUBLIC SAFETY:					
Emergency Management Services:					
Salaries and Wages	5,650.00	5,650.00	\$ 5,610.00	40.00	
Other Expenses	2,250.00	2,250.00	625.76	1,624.24	
Fire:					
Salaries and Wages	48,000.00	48,000.00	46,315.95	1,684.05	
Other Expenses	96,500.00	96,500.00	85,877.76	10,622.24	
Fire Safety Official					
Salaries and Wages	57,500.00	57,500.00	51,803.00	5,697.00	
Other Expenses	6,000.00	6,000.00	4,645.17	1,354.83	
Public Works:					
Salaries and Wages	964,800.00	979,800.00	979,800.00		
Other Expenses	151,100.00	151,100.00	123,927.57	27,172.43	
Police:					
Salaries and Wages	3,127,501.00	3,080,001.00	2,949,453.84	130,547.16	
Other Expenses	178,400.00	178,250.00	118,938.59	59,311.41	
Purchase of Police Vehicles	46,500.00	46,500.00	39,785.23	6,714.77	
Police Dispatching:					
Other Expenses	205,555.00	205,555.00	205,553.47	1.53	
Project Pride:					
Other Expenses	29,850.00	30,000.00	30,000.00		
Parking:					
Salaries and Wages	114,740.00	114,740.00	110,102.81	4,637.19	
Other Expenses	19,500.00	19,500.00	4,341.14	15,158.86	

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY:					
Emergency Squad:					
Other Expenses	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		
STREETS AND ROADS:					
Vehicle Maintenance:					
Salaries and Wages	99,000.00	99,000.00	98,412.00	\$ 588.00	
Other Expenses	68,500.00	68,500.00	54,008.60	14,491.40	
HEALTH AND WELFARE:					
Board of Health:					
Salaries and Wages	15,700.00	15,700.00	14,303.04	1,396.96	
Other Expenses	95,000.00	95,000.00	89,652.56	5,347.44	
Environmental Commission					
Salaries and Wages	8,300.00	8,300.00	8,202.96	97.04	
Other Expenses	2,300.00	2,300.00	525.00	1,775.00	
Animal Control:					
Other Expenses	2,000.00	2,000.00	2,000.00		
RECREATION AND EDUCATION:					
Parks and Playgrounds:					
Other Expenses	56,500.00	56,500.00	54,579.52	1,920.48	
Recreation:					
Salaries and Wages	106,100.00	68,100.00	45,333.67	22,766.33	
Other Expenses	27,200.00	27,200.00	2,118.92	25,081.08	
Celebration of Public Events, Anniversaries or Holidays:					
Other Expenses	6,000.00	6,000.00	6,000.00		
Senior Citizens' Transportation:					
Other Expenses	25,000.00	25,000.00	25,000.00		

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Within "CAPS" (Continued):					
Accumulated Leave Compensation	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		
UTILITY EXPENSES AND BULK PURCHASES:					
Utilities	410,600.00	410,600.00	346,685.68	\$ 63,914.32	
INSURANCE:					
Liability Insurance	139,000.00	139,000.00	104,481.00	34,519.00	
Group Insurance for Employees	571,200.00	531,413.00	507,191.92	24,221.08	
Health Benefits Waiver	45,000.00	45,000.00	45,000.00		
Worker's Compensation Insurance	138,000.00	138,000.00	138,000.00		
Unemployment Compensation Insurance	17,500.00	17,500.00	15,672.40	1,827.60	
 Total Operations Within "CAPS"	 8,576,616.00	 8,751,616.00	 8,040,389.62	 711,226.38	
Operations Within "CAPS" (Continued):					
Contingent	4,000.00	4,000.00	772.40	3,227.60	
 Total Operations Including Contingent Within "CAPS"	 8,580,616.00	 8,755,616.00	 8,041,162.02	 714,453.98	
Detail:					
Salaries and Wages	5,340,811.00	5,287,098.00	5,060,149.03	226,948.97	
Other Expenses	3,239,805.00	3,468,518.00	2,981,012.99	487,505.01	

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Deferred Charges and Statutory Expenditures - Municipal					
Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System of NJ	\$ 239,756.00	\$ 239,756.00	\$ 239,756.00		
Police and Fireman's Retirement System of NJ	683,845.00	683,845.00	683,845.00		
Defined Contribution Retirement Program	2,000.00	2,000.00		\$ 2,000.00	
Social Security System (O.A.S.I.)	226,000.00	226,000.00	226,000.00		
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	1,151,601.00	1,151,601.00	1,149,601.00	2,000.00	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Appropriations for Municipal Purposes Within "CAPS"	9,732,217.00	9,907,217.00	9,190,763.02	716,453.98	
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Operations Excluded from "CAPS":					
Maintenance of Free Public Library (C.82, P.L. 1985)	958,963.00	958,963.00	958,962.50	0.50	
Farmer's Market:					
Salaries and Wages	10,750.00	10,750.00	10,546.10	203.90	
Other Expenses	17,000.00	17,000.00	8,851.63	8,148.37	
Madison - Chatham Joint Meeting					
Sewer Service Charge - Contractual	630,892.00	630,892.00	630,892.00		
LOSAP Contribution:					
LOSAP Program	20,000.00	20,000.00		20,000.00	

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operations Excluded from "CAPS" (Continued):					
State and Federal Programs Offset by Revenue:					
Municipal Alliance Grant:					
Local Share	\$ 3,750.00	\$ 3,750.00	\$ 3,750.00		
Body Armor Replacement Fund	2,178.00	2,178.00	2,178.00		
NJ DOT- Local Aid- Washington Ave Improvement	133,500.00	133,500.00	133,500.00		
	<u>1,777,033.00</u>	<u>1,777,033.00</u>	<u>1,748,680.23</u>	<u>\$ 28,352.77</u>	
Total Operations Excluded from "CAPS"					
Detail:					
Salaries and Wages	10,750.00	10,750.00	10,546.10	203.90	
Other Expenses	1,766,283.00	1,766,283.00	1,738,134.13	28,148.87	
	<u>90,000.00</u>	<u>90,000.00</u>	<u>90,000.00</u>		
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	90,000.00	90,000.00	90,000.00		
	<u>90,000.00</u>	<u>90,000.00</u>	<u>90,000.00</u>		
Total Capital Improvements Excluded from "CAPS"					

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	<u>Appropriations</u>		<u>Expended By</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	\$ 1,442,240.00	\$ 1,442,240.00	\$ 1,442,240.00		
Interest on Bonds	167,147.00	167,147.00	167,085.44		\$ 61.56
Interest on Notes	25,500.00	25,500.00	25,488.85		11.15
New Jersey Wastewater Treatment Financing Program Principal & Interest on Loans	190,826.00	190,826.00	184,697.88		6,128.12
Total Municipal Debt Service Excluded from "CAPS"	<u>1,825,713.00</u>	<u>1,825,713.00</u>	<u>1,819,512.17</u>		<u>6,200.83</u>
Deferred Charges - Municipal - Excluded from "CAPS":					
Special Emergency Authorizations	44,000.00	44,000.00	44,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	<u>44,000.00</u>	<u>44,000.00</u>	<u>44,000.00</u>		
Total General Appropriations Excluded from "CAPS"	<u>3,736,746.00</u>	<u>3,736,746.00</u>	<u>3,702,192.40</u>	\$ 28,352.77	<u>6,200.83</u>
Subtotal General Appropriations	13,468,963.00	13,643,963.00	12,892,955.42	744,806.75	6,200.83
Reserve for Uncollected Taxes	1,810,000.00	1,810,000.00	1,810,000.00		
Total General Appropriations	<u>\$ 15,278,963.00</u>	<u>\$ 15,453,963.00</u>	<u>\$ 14,702,955.42</u>	<u>\$ 744,806.75</u>	<u>\$ 6,200.83</u>

Ref.

A

BOROUGH OF CHATHAM  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

		Analysis of	
<u>Ref.</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	
Adopted Budget	\$ 15,278,963.00		
Special Emergency Appropriation	175,000.00		
	\$ 15,453,963.00		
Reserve for Uncollected Taxes		\$ 1,810,000.00	
Reserve for Encumbrances	A	190,483.57	
Reserve for Revaluation		175,000.00	
Special Emergency Authorizations (N.J.S.A. 40A:4-53)		44,000.00	
Due Federal and State Grant Fund		139,428.00	
Cash Disbursed		12,868,445.30	
		15,227,356.87	
Less: Appropriation Refunds		524,401.45	
		\$ 14,702,955.42	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
TRUST FUNDS

BOROUGH OF CHATHAM  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2020	2019
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 20,173.75	\$ 27,433.79
Other Trust Funds:			
Cash and Cash Equivalents	B-1	1,988,539.07	1,402,717.85
Due from Current Fund	A	200,642.20	105,377.56
Due from General Capital Fund	C	50.00	50.00
		2,189,231.27	1,508,145.41
TOTAL ASSETS		\$ 2,209,405.02	\$ 1,535,579.20

BOROUGH OF CHATHAM  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State Board of Health		\$ 33.00	\$ 31.80
Due to Current Fund	A	129.15	6,629.39
Reserve for Animal Control Expenditures	B-3	20,011.60	20,772.60
		<u>20,173.75</u>	<u>27,433.79</u>
Other Trust Funds:			
Due to State and Federal Grant Fund	A	750.00	750.00
Reserve For:			
Recreation		249,736.98	259,570.11
Disposal of Forfeited Assets		26,870.71	26,870.71
COAH		583,516.44	498,770.66
Open Space		11,682.03	43,286.60
Police Services		224,792.05	71,648.57
Unemployment Trust		18,133.85	18,096.73
Special Deposits (Escrow)		277,788.26	250,646.54
Public Offenses Adjudication Act		17,394.63	17,002.63
Recycling		27,425.19	27,005.19
Fire Safety		3,529.31	3,529.31
Tax Sale Premium		198,300.00	101,200.00
Accumulated Absences		31,777.05	16,777.05
Art Council Donations		8,648.88	8,648.88
Chatham Police 100th Anniversary		308.20	308.20
Chatham Spring Cleaning		21,673.48	13,534.67
Environmental Commission		1,272.10	1,272.10
Kevin Coughlin Bequest		24,552.60	24,552.60
John Kruski Bequest		34,265.00	34,565.00
Train Station 100th Anniversary		500.00	500.00
Beekeepers Club		382.07	451.22
Shade Tree Commission		5,975.00	4,375.00
Community Garden Recreation		14,401.42	10,881.54
Tri-Centennial Celebration		2,130.00	2,130.00
Monuments and Memorial Donations		7,329.52	7,329.52
Fishawack Celebration		4,044.01	13,980.83
Public Safety Donations		42,052.49	50,461.75
Stanley Property Donation		350,000.00	
		<u>2,189,231.27</u>	<u>1,508,145.41</u>
<b>TOTAL LIABILITIES AND RESERVES</b>		<u>\$ 2,209,405.02</u>	<u>\$ 1,535,579.20</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
GENERAL CAPITAL FUND

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,270,119.73	\$ 614,735.74
Grants Receivable:			
Morris County			93,710.00
Department of Transportation		272,047.41	272,047.41
Library Aid		22,750.00	22,750.00
NJ Environmental Infrastructure Loans Receivable		1,347,707.00	2,496,133.00
Due from Current Fund	A		175,893.76
Deferred Charges to Future Taxation:			
Funded		10,998,610.47	12,726,901.13
Unfunded	C-4	4,251,570.00	3,156,570.00
<b>TOTAL ASSETS</b>		<u>\$ 18,162,804.61</u>	<u>\$ 19,558,741.04</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 6,874,000.00	\$ 8,444,000.00
New Jersey Environmental Infrastructure Loans Payable	C-9	4,124,610.47	4,282,901.13
Bond Anticipation Notes Payable	C-7	2,027,000.00	1,025,250.00
Improvement Authorizations:			
Funded	C-5	1,918,131.57	3,074,923.51
Unfunded	C-5	3,180,614.36	2,219,466.66
Due to Water Utility Capital Fund	D		410,751.53
Due to Other Trust Funds	B	50.00	50.00
Capital Improvement Fund	C-6	4,144.37	11,144.37
Reserve for Payment of Debt Service		8,174.00	8,174.00
Reserve for Sustainable Energy Grant		20,000.00	20,000.00
Fund Balance	C-1	6,079.84	62,079.84
<b>TOTAL LIABILITIES AND FUND BALANCE</b>		<u>\$ 18,162,804.61</u>	<u>\$ 19,558,741.04</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

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

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 62,079.84
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>56,000.00</u>
Balance December 31, 2020	C	<u><u>\$ 6,079.84</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
WATER UTILITY FUND

BOROUGH OF CHATHAM  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 871,104.81	\$ 852,794.49
Due from Current Fund	A	173.80	
Due from Solid Waste Utility Operating Fund	E		143.03
Due from Water Utility Capital Fund	D	1.58	14,626.99
		<u>871,280.19</u>	<u>867,564.51</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>106,794.08</u>	<u>101,259.50</u>
Total Receivables with Full Reserves		<u>106,794.08</u>	<u>101,259.50</u>
Total Operating Fund		<u>978,074.27</u>	<u>968,824.01</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	490,304.32	236,849.23
Due from General Capital Fund	C		410,751.53
Fixed Capital	D-7	6,873,413.79	6,820,501.08
Fixed Capital Authorized and Uncompleted	D-8	<u>2,389,882.22</u>	<u>2,442,794.93</u>
Total Capital Fund		<u>9,753,600.33</u>	<u>9,910,896.77</u>
TOTAL ASSETS		<u>\$ 10,731,674.60</u>	<u>\$ 10,879,720.78</u>

BOROUGH OF CHATHAM  
WATER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 357,922.29	\$ 46,092.43
Encumbered	D-3;D-9	18,036.61	16,535.44
		<u>375,958.90</u>	<u>62,627.87</u>
Water Rent Overpayments		3,420.14	2,471.25
Accrued Interest on Bonds		3,583.72	4,755.27
Accrued Interest on Notes		2,341.32	5,977.50
		<u>385,304.08</u>	<u>81,760.96</u>
Reserve for Receivables	D	106,794.08	101,259.50
Fund Balance	D-1	485,976.11	785,803.55
		<u>485,976.11</u>	<u>785,803.55</u>
Total Operating Fund		<u>978,074.27</u>	<u>968,824.01</u>
Capital Fund:			
Bond Anticipation Notes Payable	D-13	358,000.00	398,500.00
Serial Bonds Payable	D-14	1,625,000.00	1,930,000.00
Due to Water Utility Operating Fund	D	1.58	14,626.99
Improvement Authorizations:			
Funded	D-10	247,689.69	357,582.08
Unfunded	D-10	189,601.41	239,884.47
Capital Improvement Fund	D-11	180,337.02	175,337.02
Reserve for Amortization	D-12	6,421,952.22	6,062,451.05
Deferred Reserve for Amortization	D-12A	708,343.79	709,840.54
Fund Balance	D-1A	22,674.62	22,674.62
		<u>22,674.62</u>	<u>22,674.62</u>
Total Capital Fund		<u>9,753,600.33</u>	<u>9,910,896.77</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 10,731,674.60</u>	<u>\$ 10,879,720.78</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
WATER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2020	2019
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	316,000.00	\$ 285,285.00
Water Rents		1,737,931.84	1,571,821.68
Miscellaneous Revenue Anticipated		25,893.58	62,129.99
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		47,463.50	22,572.54
Total Income		<u>2,127,288.92</u>	<u>1,941,809.21</u>
<u>Expenditures</u>			
Operating		1,105,400.00	1,079,700.00
Capital Improvements		221,600.00	195,700.00
Debt Service		395,887.94	366,229.47
Deferred Charges and Statutory Expenditures		173,228.42	153,750.00
Total Expenditures		<u>1,896,116.36</u>	<u>1,795,379.47</u>
Excess/(Deficit) in Revenue		231,172.56	146,429.74
<u>Fund Balance</u>			
Balance January 1		785,803.55	1,139,658.81
		<u>1,016,976.11</u>	<u>1,286,088.55</u>
Decreased by:			
Utilization as Anticipated Revenue:			
Water Utility Operating Budget		316,000.00	285,285.00
Current Fund Budget		215,000.00	215,000.00
Balance December 31	D	<u>\$ 485,976.11</u>	<u>\$ 785,803.55</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance December 31, 2019	D	<u>\$ 22,674.62</u>
Balance December 31, 2020	D	<u>\$ 22,674.62</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
WATER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 316,000.00	\$ 316,000.00	
Water Rents	1,550,000.00	1,737,931.84	\$ 187,931.84
Miscellaneous Revenue	<u>35,000.00</u>	<u>25,893.58</u>	<u>9,106.42 *</u>
Budget Totals	<u>\$ 1,901,000.00</u>	<u>\$ 2,079,825.42</u>	<u>\$ 178,825.42</u>

Analysis of Miscellaneous Revenue

Treasurer:

Interest on Investments and Deposits:

Collected/Received by Treasurer:

Water Utility Operating Fund

Water Utility Capital Fund

\$ 5,235.29  
918.96

\$ 6,154.25

Collector:

Penalties

Water Taps

Miscellaneous

5,314.33  
13,105.00  
1,320.00

19,739.33

\$ 25,893.58

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
WATER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER, 31 2020

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 633,000.00	\$ 633,000.00	\$ 573,224.37	\$ 59,775.63	
Other Expenses	472,400.00	472,400.00	401,142.39	71,257.61	
Capital Improvements:					
Capital Improvement Fund	5,000.00	5,000.00	5,000.00		
Capital Outlay	216,600.00	216,600.00	11,000.06	205,599.94	
Debt Service:					
Payment of Bond Principal	305,000.00	305,000.00	305,000.00		
Payment of Bond Anticipation Notes	40,500.00	40,500.00	40,500.00		
Interest on Bonds	45,300.00	45,300.00	44,116.97		\$ 1,183.03
Interest on Notes	9,970.00	9,970.00	6,270.97		3,699.03
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Emergency Authorizations	12,506.00	12,506.00	12,504.42		1.58
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	110,000.00	110,000.00	100,000.00	10,000.00	
Social Security System (O.A.S.I.)	48,500.00	48,500.00	39,434.89	9,065.11	
Unemployment Compensation Insurance	2,224.00	2,224.00		2,224.00	
	<u>\$ 1,901,000.00</u>	<u>\$ 1,901,000.00</u>	<u>\$ 1,538,194.07</u>	<u>\$ 357,922.29</u>	<u>\$ 4,883.64</u>
				D	
Cash Disbursed			\$ 1,469,769.52		
Accrued Interest on Bonds			44,116.97		
Accrued Interest on Notes			6,270.97		
Encumbrances	D		18,036.61		
			<u>\$ 1,538,194.07</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
SOLID WASTE UTILITY FUND

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 317,344.23	\$ 383,665.20
Due From Current Fund	A	37,279.65	
		<u>354,623.88</u>	<u>383,665.20</u>
Receivables and Inventory with Full Reserves:			
Consumer Accounts Receivable	E-5	16,330.20	11,878.21
Grant Receivable			19,605.70
		<u>16,330.20</u>	<u>31,483.91</u>
Total Receivables and Inventory with Full Reserves			
Deferred Charges:			
Emergency Authorizations			30,358.01
			<u>30,358.01</u>
Total Deferred Charges:			
			<u>30,358.01</u>
Total Operating Fund			
		<u>370,954.08</u>	<u>445,507.12</u>
Capital Fund:			
Fixed Capital	E-6	18,000.00	18,000.00
		<u>18,000.00</u>	<u>18,000.00</u>
Total Capital Fund			
		<u>18,000.00</u>	<u>18,000.00</u>
TOTAL ASSETS			
		<u>\$ 388,954.08</u>	<u>\$ 463,507.12</u>

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-7	\$ 61,927.51	\$ 3,299.84
Encumbered	E-3;E-7	39,480.61	109.55
		<u>101,408.12</u>	<u>3,409.39</u>
Solid Waste User Fee Overpayments		2,408.09	182.39
Due to Current Fund	A		17,673.63
Due to Water Utility Operating Fund	D		143.03
		<u>103,816.21</u>	<u>21,408.44</u>
Reserve for Receivables	E	16,330.20	31,483.91
Fund Balance	E-1	250,807.67	392,614.77
		<u>250,807.67</u>	<u>392,614.77</u>
Total Operating Fund		<u>370,954.08</u>	<u>445,507.12</u>
Capital Fund:			
Reserve for Amortization	E-8	18,000.00	18,000.00
		<u>18,000.00</u>	<u>18,000.00</u>
Total Capital Fund		<u>18,000.00</u>	<u>18,000.00</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 388,954.08</u></u>	<u><u>\$ 463,507.12</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN  
FUND BALANCE - REGULATORY BASIS

	Ref.	<u>Year Ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 145,359.00	\$ 38,945.72
Solid Waste User Fees		672,980.37	652,588.74
Miscellaneous Revenue Anticipated		5,088.31	11,447.23
Recycling Tonnage Grant			44,059.98
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		3,299.84	9,102.70
Overpayments Cancelled		182.39	1.51
		<u>826,909.91</u>	<u>756,145.88</u>
<u>Expenditures</u>			
Operating and Emergency Appropriations		739,900.00	647,750.00
Capital Improvements		30,000.00	1,000.00
Deferred Charges and Statutory Expenditures		53,458.01	18,750.00
		<u>823,358.01</u>	<u>667,500.00</u>
Excess in Revenue		3,551.90	88,645.88
<u>Fund Balance</u>			
Balance January 1		<u>392,614.77</u>	<u>342,914.61</u>
		396,166.67	431,560.49
Decreased by:			
Utilization as Anticipated Revenue:			
Solid Waste Utility Operating Budget		<u>145,359.00</u>	<u>38,945.72</u>
Balance December 31	E	<u>\$ 250,807.67</u>	<u>\$ 392,614.77</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess</u>
Operating Surplus Anticipated	\$ 145,359.00	\$ 145,359.00	
Solid Waste User Fees	650,000.00	672,980.37	\$ 22,980.37
Miscellaneous Revenue	8,395.00	5,088.31	3,306.69 *
Recycling Tonnage Grant	<u>19,605.00</u>		<u>19,605.00 *</u>
Budget Totals	<u>\$ 823,359.00</u>	<u>\$ 823,427.68</u>	<u>\$ 68.68</u>

Analysis of Miscellaneous Revenue

Treasurer:

Interest on Investments and Deposits:

Collected/Received by Treasurer:

Solid Waste Utility Operating Fund

\$ 2,153.21

Collector:

Penalties

2,935.10

\$ 5,088.31

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2020

	<u>Appropriations</u>		<u>Expended by</u>		<u>Unexpended Balance Canceled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 113,500.00	\$ 113,500.00	\$ 110,046.41	\$ 3,453.59	
Other Expenses	626,400.00	626,400.00	598,684.88	27,715.12	
Capital Improvements:					
Capital Outlay	30,000.00	30,000.00		30,000.00	
Deferred Charges and Statutory Expenditures:					
Deferred Charges:					
Emergency Authorizations	30,359.00	30,359.00	30,358.01		\$ 0.99
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	13,500.00	13,500.00	13,500.00		
Social Security System (O.A.S.I.)	8,600.00	8,600.00	8,418.57	181.43	
Unemployment Compensation Insurance	1,000.00	1,000.00	422.63	577.37	
	<u>\$ 823,359.00</u>	<u>\$ 823,359.00</u>	<u>\$ 761,430.50</u>	<u>\$ 61,927.51</u>	<u>\$ 0.99</u>
				E	
Cash Disbursed			\$ 691,591.88		
Deferred Charges			30,358.01		
Encumbrances Payable	E		<u>39,480.61</u>		
			<u>\$ 761,430.50</u>		

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF CHATHAM  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>ASSETS</u>	December 31,	
	2020	2019
Land	\$ 32,596,600.00	\$ 32,596,600.00
Buildings and Improvements	29,454,900.00	29,454,900.00
Equipment	6,729,167.00	6,729,167.00
<u>TOTAL ASSETS</u>	<u>\$ 68,780,667.00</u>	<u>\$ 68,780,667.00</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Fixed Assets	\$ 68,780,667.00	\$ 68,780,667.00
<u>TOTAL RESERVES</u>	<u>\$ 68,780,667.00</u>	<u>\$ 68,780,667.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Chatham conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Chatham accounts for its financial transactions through the following separate funds:

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

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

Trust Funds - Receipts, custodianship and disbursement 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.

Water Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned water utility.

Solid Waste Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned solid waste utility.

General Fixed Assets Account Group - These accounts were established with estimated values of land, buildings and certain fixed assets of the Borough as discussed in Note 1E.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The following is a summary of the significant accounting policies.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Federal and state grants are generally recognized on the cash basis, except for certain assistance which is not realized until anticipated in the Borough's budget. The amounts recorded as property taxes receivable and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality, which are susceptible of accrual, are recorded as receivables with offsetting reserves in the Current Fund.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures are generally charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee benefit amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance.

Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as income.

The cash basis of accounting is followed in the Trust and Capital Funds.

Had the Borough of Chatham's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; depreciation would be recorded on fixed assets in the utility capital funds; Federal and State grants and assistance would be recognized when earned, not when budgeted in the Current Fund or when improvements are authorized in the Capital Funds; and inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and the Borough's net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

- D. Deferred Charges to Future Taxation – The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, by collecting a grant, by selling bonds, by issuing loans or through capital lease purchase agreements.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost,

Grants Receivable – Grants receivable represent total grant awards less amounts collected to date. Because the amount of grants funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amount awarded.

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences – Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property – Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds – Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets, except for the Water and Solid Waste Utility Operating Funds. The amounts reflected as inventories on the Water and Solid Waste Utility Funds balance sheets are offset by reserves.

General Fixed Assets Account Group – In accordance with the New Jersey Administrative Code accounting requirements, as promulgated by the Division of Local Government Services, the Borough has developed a fixed assets accounting and reporting system based on the following:

General fixed assets are recorded at historical cost or estimated historical cost as estimated by an independent appraisal company. Fixed asset purchases are valued at historical cost. Infrastructure assets are not included in general fixed assets, as per state directive.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other significant accounting policies include (Cont'd)

General Fixed Assets Account Group (Cont'd)

Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, Water Utility Fund and Solid Waste Utility Fund. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, Water Utility and Solid Waste Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water Utility and Solid Waste Utility Funds are recorded in the capital account at cost and are not adjusted for dispositions and abandonments. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

- F. Budget/Budgetary Control – Annual appropriated budgets are usually prepared in the first quarter for the Current, Water Utility Operating, Solid Waste Utility Operating and Open Space Trust Funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit taxing power has been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued:</u>			
General:			
Bonds, Loans and Notes	\$13,025,610	\$13,752,151	\$12,720,442
Water Utility:			
Bonds and Notes	1,983,000	2,328,500	2,633,500
Total Issued	<u>15,008,610</u>	<u>16,080,651</u>	<u>15,353,942</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	2,224,570	2,131,320	3,018,320
Water Utility:			
Bonds and Notes	150,000	162,504	162,504
Total Authorized but not Issued	<u>2,374,570</u>	<u>2,293,824</u>	<u>3,180,824</u>
Less:			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve for Payment of Debt Service	<u>8,174</u>	<u>8,174</u>	<u>8,174</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 17,375,006</u>	<u>\$ 18,366,301</u>	<u>\$ 18,526,592</u>

**BOROUGH OF CHATHAM**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Current and Prior Years

	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Serial Bonds:				
General Capital Fund	\$ 8,444,000		\$ 1,570,000	\$ 6,874,000
Water Utility	1,930,000		305,000	1,625,000
Bond Anticipation Notes:				
General Capital Fund	1,025,250	\$ 2,027,000	1,025,250	2,027,000
Water Utility	398,500	358,000	398,500	358,000
NJ Environmental Infrastructure Loan:				
General Capital	4,282,901		158,291	4,124,610
<b>Total</b>	<b>\$ 16,080,651</b>	<b>\$ 2,385,000</b>	<b>\$ 3,457,041</b>	<b>\$ 15,008,610</b>

	Balance 12/31/2018	Additions	Retirements	Balance 12/31/2019
Serial Bonds:				
General Capital Fund	\$ 9,984,000		\$ 1,540,000	\$ 8,444,000
Water Utility	2,225,000		295,000	1,930,000
Bond Anticipation Notes:				
General Capital Fund	1,025,250	\$ 1,025,250	1,025,250	1,025,250
Water Utility	408,500	398,500	408,500	398,500
NJ Environmental Infrastructure Loan:				
General Capital	1,711,192	2,730,000	158,291	4,282,901
<b>Total</b>	<b>\$ 15,353,942</b>	<b>\$ 4,153,750</b>	<b>\$ 3,427,041</b>	<b>\$ 16,080,651</b>

Schedule of Annual Debt Service For Principal and Interest for the Next Five Years and Thereafter for Bonded Debt and Loans Issued and Outstanding

Calendar Year	General		Water Utility		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,707,290.66	\$ 170,038.26	\$ 310,000.00	\$ 37,323.02	\$ 2,017,290.66	\$ 207,361.28
2022	1,332,290.66	136,718.76	319,000.00	28,882.26	1,651,290.66	165,601.02
2023	1,343,886.41	107,788.76	241,000.00	19,932.76	1,584,886.41	127,721.52
2024	553,794.91	76,873.76	140,000.00	15,010.76	693,794.91	91,884.52
2025	572,794.91	69,443.76	140,000.00	12,557.26	712,794.91	82,001.02
2026-2030	2,526,654.52	146,996.88	475,000.00	23,144.38	3,001,654.52	170,141.26
2031-2034	231,898.40	7,400.00			231,898.40	7,400.00
	<b>\$ 8,268,610.47</b>	<b>\$ 715,260.18</b>	<b>\$ 1,625,000.00</b>	<b>\$ 136,850.44</b>	<b>\$ 9,893,610.47</b>	<b>\$ 852,110.62</b>

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.583%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 15,322,458	\$ 15,322,458	
Water Utility Debt	2,133,000	2,133,000	
General Debt	15,250,180	8,174	\$ 15,242,006
	<u>\$ 32,705,638</u>	<u>\$ 17,463,632</u>	<u>\$ 15,242,006</u>

Net Debt: \$15,242,006 divided by Average Equalized Valuations of \$2,616,139,893 of Real Property = 0.583%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 91,564,896
Net Debt	15,242,006
Remaining Borrowing Power	\$ 76,322,890

Calculation of "Self-Liquidating Purpose", Water Utility  
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,079,825
Deductions:	
Operating and Maintenance Cost	\$ 1,482,724
Debt Service	395,888
Total Deductions	1,878,612
Excess in Revenue	\$ 201,213

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition - Annual Debt Statement (Cont'd)

Calculation of "Self-Liquidating Purpose", Solid Waste Utility  
Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 823,428
Deductions:		
Operating and Maintenance Cost	\$ 761,431	
Total Deductions		<u>761,431</u>
Excess in Revenue		<u>\$ 61,997</u>

Footnote: If there is an "excess in revenue", all such utility debt is deductible. If there is a "deficit", then utility debt is not deductible to the extent of 20 times such deficit amount, or the total amount of debt service for that fund, whichever is less.

The foregoing information is in agreement with the Annual Debt Statement as filed by the Chief Financial Officer.

At December 31, 2020, the Borough had Capital Debt issued and outstanding described as follows:

<u>General Capital Serial Bonds</u>				
Purpose	<u>Maturities of Bonds Outstanding</u>		Interest Rate	Balance Dec. 31, 2020
	Date	Amount		
General Improvements Bonds of 2011	08/15/21	\$ 630,000	2.000%	
	08/15/22	650,000	2.000%	
	08/15/23	669,000	2.000%	<u>\$ 1,949,000</u>
Refunding Bonds Series 2016	12/15/21	610,000	1.370%	<u>\$ 610,000</u>

YEAR ENDED DECEMBER 31, 2020

(Continued)

Note 2: Long-Term Debt (Cont'd)

<u>Purpose</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>
	<u>Date</u>	<u>Amount</u>		
General Improvements Bonds of 2017	04/01/21	\$ 310,000	2.000%	
	04/01/22	520,000	2.000%	
	04/01/23	530,000	2.000%	
	04/01/24	455,000	2.000%	
	04/01/25	470,000	1.500%	
	04/01/26	485,000	1.500%	
	04/01/27	500,000	2.000%	
	04/01/28	515,000	2.000%	
	04/01/29	530,000	2.000%	<u>\$ 4,315,000</u>
<u>Water Utility Capital Serial Bonds</u>				
Water Bonds of 2002	08/01/21	\$ 85,000	4.625%	
	08/01/22	89,000	4.750%	<u>\$ 174,000</u>
Water Bonds of 2011	08/15/21	90,000	2.375%	
	08/15/22	90,000	2.500%	
	08/15/23	96,000	2.500%	<u>\$ 276,000</u>
Water Bonds Refunding Series 2016	12/15/21	60,000	1.370%	
	12/15/22	60,000	1.370%	
	12/15/23	60,000	1.370%	
	12/15/24	55,000	1.370%	
	12/15/25	55,000	1.370%	
	12/15/26	50,000	1.370%	<u>\$ 340,000</u>
Water Bonds of 2017	4/1/21	75,000	2.000%	
	4/1/22	80,000	2.000%	
	4/1/23	85,000	2.000%	
	4/1/24	85,000	2.000%	
	4/1/25	85,000	2.000%	
	4/1/26	95,000	2.125%	
	4/1/27	110,000	2.250%	
	4/1/28	110,000	2.250%	
	4/1/29	110,000	3.000%	<u>\$ 835,000</u>

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 2: Long-Term Debt (Cont'd)

At December 31, 2020, the Borough had Capital Debt issued and outstanding described as follows:  
(Cont'd)

General Capital - Bond Anticipation Notes Payable

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Replace Turf at Lum Field	05/24/21	1.09%	\$ 175,000
Various Improvements and Equipment	05/24/21	1.09%	850,250
Various Improvements and Acquisition	05/24/21	1.09%	1,001,750
			<u>\$ 2,027,000</u>

Water Utility - Bond Anticipation Notes Payable

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Various Improvements	05/24/21	1.09%	<u>\$ 358,000</u>

General Capital - New Jersey Infrastructure Trust Loans Payable

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Balance Dec. 31, 2020</u>
Sanitary Sewer Lining and Pipe Replacing Rehabilitation of	08/01/25	3.000-5.000%	\$ 367,083
Madison-Chatham Joint Meeting	08/01/34	4.000-5.000%	766,644
Rehabilitation of			
Madison-Chatham Joint Meeting	08/01/29	3.000-5.000%	260,883
Madison-Chatham Joint Meeting Construction	04/15/21	0.00%	2,730,000
			<u>\$ 4,124,610</u>
<b>TOTAL DEBT ISSUED AND OUTSTANDING</b>			<u>\$ 15,008,610</u>

N.J Environmental Infrastructure Loans

The Borough of Chatham/Madison-Chatham Joint Meeting entered into seven loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Environmental Infrastructure Trust (the "Trust") which are recorded in the General Capital Fund. The loan agreements were obtained to finance a portion of the cost of improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility. A portion of the Fund loan portion of Fund Loan 1 was funded through the American Recovery and Reinvestment Act. Even though the Borough is responsible for the repayment of the loans, the Borough does not receive or expend any of the loan funds. The Madison-Chatham Joint Meeting is responsible for the draw downs and expenditures of loan funds.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 2: Long-Term Debt (Cont'd)

N.J Environmental Infrastructure Loans (Cont'd)

At December 31, 2017, the Madison-Chatham Joint Meeting has borrowed or "drawn down" all of the \$2,677,906 Loan funds necessary to complete the improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility partially funded with the Loan funds. Principal payments to the Fund for the loan will continue on a semiannual basis until August 1, 2034 at zero interest. Principal payments to the Trust for the loan will continue on an annual basis until August 1, 2034. Also, an annual administrative fee of fifteen one hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

As of December 31, 2020, the Madison-Chatham Joint Meeting has borrowed or "drawn down" \$233,867 of the \$2,730,000 Loan funds necessary to complete the improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility partially funded with the Loan funds. Principal payment to the NJEIT for the loan will be due on April 15, 2021 at zero interest. Also, an administrative fee of four tenths of one percent (.40%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans. The NJEIT provided funding for this loan through the issuance of temporary notes through the Construction Financing Trust Loan Program. The NJEIT will issue permanent financing upon maturity. As such, the Borough is not expected to repay the entire \$2,730,000 loan in one year. The Borough was notified that the loan terms, as stated above, were revised and has such contested these changes.

Note 3: Fund Balances Appropriated

Fund Balances at December 31, 2020, which were appropriated and included as anticipated revenue in the year ending December 31, 2021 budget, were as follows:

Current Fund	\$ 2,220,000.00
Water Utility Operating Fund	136,500.00
Solid Waste Utility Operating Fund	119,890.00

Also \$215,000 of the Water Utility Operating Fund balance was anticipated as a revenue in the 2021 Current Fund Budget.

Note 4: Regional School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Chatham has elected not to defer school taxes.

Note 5: Pension Plans

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

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and are adjusted by the rate of return on the actuarial value of assets.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions (Cont'd)

Borough contributions to PERS amounted to \$239,756 for 2020.

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2019, the Borough's liability was \$6,520,517 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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 members, actuarially determined. At June 30, 2019, the Borough's proportion was 0.036%, which was a decrease of 0.001% from its proportion measured as of June 30, 2018. The Borough has rolled forward net pension liability as of June 30, 2019 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS) valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2019 pension information in the Notes to the Financial Statements as the June 30, 2020 pension information has not been released as of the date of this audit.

For the year ended December 31, 2020, the Borough recognized actual pension expense in the amount of \$239,756.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:

Price 2.75%

Wage 3.25%

Salary Increases:

Through 2026 2.00 – 6.00% based on years of service

Thereafter 3.00 – 7.00% based on years of service

Investment Rate of Return 7.00%

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 a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

BOROUGH OF CHATHAM

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

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-2019.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assts	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equit	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer GO 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining 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 collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
Borough's proportionate share of the Net Pension Liability	\$ 8,236,473	\$ 6,520,517	\$ 5,074,581

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members. The Local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual amounts over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of the assets.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation

Under 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.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation are 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 local participating employers do not contribute under this legislation directly to the plan (except for employer specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. The June 30, 2019 State special funding situation net pension liability amount is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense for the fiscal year ended June 30, 2019 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. The pension expense is deemed to be a State administrative expense due to the special funding situation.

Borough contributions to PFRS amounted to \$683,845 for the year ended December 31, 2020. During the fiscal year ended June 30, 2019, the State of New Jersey contributed \$88,147 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$152,004.

The employee contributions for PFRS are 10.00% of employees' annual compensation, as defined.

Pension Liabilities and Pension Expense

At June 30, 2019, the Borough's liability for its proportionate share of the net pension liability was \$8,285,005. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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 members, actuarially determined. At June 30, 2019, the Borough's proportion was 0.0677%, which was a decrease of 0.004% from its proportion measured as of June 30, 2018.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$1,308,218 as of June 30, 2019. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The State's proportionate share of the net pension liability associated with the Borough 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 members, actuarially determined. At June 30, 2019, the State's proportion was 0.0677%, which was a decrease of 0.004% from its proportion measured as of June 30, 2018 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 8,285,005
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>1,308,218</u>
Total Net Pension Liability	<u><u>\$ 9,593,223</u></u>

The Borough has rolled forward net pension liability as of June 30, 2019 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS) valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2019 pension information in the Notes to the Financial Statements as the June 30, 2020 pension information has not been released as of the date of this audit.

For the year ended December 31, 2020, the Borough recognized total pension expense of \$683,845.

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 15.25% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on 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-2019.

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2019 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equit	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate – PFRS

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be made based on 70% of the actuarially contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Total Net Pension Liability (including the State's proportionate share of the net pension liability attributable to the Borough) to Changes in the Discount Rate

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (5.85%)	At Current Discount Rate (6.85%)	At 1% Increase (7.85%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 12,966,541	\$ 9,593,223	\$ 6,801,316

Pension Plan Fiduciary Net Position - PFRS

Detailed information about the PFRS's fiduciary net position is available in the separately issued PFRS financial statements.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP.

The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$1,179.04 for the year ended December 31, 2020. Employee contributions to DCRP amounted to \$2,161.57 for the year ended December 31, 2020.

Note 6: Accrued Sick and Vacation Benefits

The Borough has permitted employees to accrue unused sick pay and, with prior approval, unused vacation pay. Police shall be entitled to convert one (1) accumulated sick day into a personal day of each three (3) month period during which no sick leave is taken. A maximum of 60 sick days may be taken as time off or paid upon retirement at the employee's current rate. At December 31, 2020 and 2019, it was estimated that the current cost of such unpaid compensation would approximate \$930,405.11 and \$1,180,637, respectively. These amounts were not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. The Borough has established a \$31,777.05 Reserve for Accumulated Absences in the Other Trust Fund as of December 31, 2020.

Note 7: Deferred Compensation Plan

The Borough of Chatham offers its employees deferred compensation plans (the "Plans") created in accordance with Section 457 of the Internal Revenue Code. The Plans, which are administered by AXA Equitable and American United Life Insurance Company are available to all Borough employees and permit participants to defer a portion of their salary. The deferred compensation is not available to employees until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 8: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A 6% penalty may be assessed for any unpaid taxes and other municipal charges in excess of \$10,000 at December 31 of the current year.

Unpaid taxes of the prior year may be placed in lien at a tax sale held after January 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

	2020	2019	2018
<u>Tax Rate</u>	\$ 2.119	\$ 2.104	\$ 2.045

Apportionment of Tax Rate

Municipal:

Amount to be Raised:

Local	0.397	0.384	0.379
Library	0.041	0.042	0.040
Open Space	0.014	0.015	0.005
County	0.316	0.329	0.313
Regional School	1.351	1.334	1.308

Assessed Valuations

2020	\$ 2,112,590,517		
2019		\$ 2,097,048,337	
2018			\$ 2,084,133,020

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2020	\$ 44,897,406	\$ 44,392,833	98.88%
2019	44,298,645	43,886,848	99.07%
2018	42,816,719	42,496,360	99.25%

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 8: Selected Tax Information (Cont'd)

Also, increases in future tax levies can also be warranted if revenue sources outside of those directly generated by the municipality, such as federal or state aid, should decline without corresponding decreases in budgeted expenditures.

Note 9: Cash and Cash Equivalents and Investments

The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that Borough funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds; and in addition

If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments:

New Jersey statutes permit the Borough to purchase 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;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided 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 the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 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 a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 9: Cash and Cash Equivalents and Investments (Cont'd)

Investments (Cont'd):

As of December 31, 2020, cash and cash equivalents and investments of the Borough of Chatham consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>Checking and Savings Accounts</u>	<u>Total</u>
Current	\$ 300	\$ 4,754,472	\$ 4,754,772
General Capital		1,270,120	1,270,120
Water Utility:			
Operating		871,105	871,105
Capital		490,304	490,304
Solid Waste:			
Operating		317,344	317,344
Animal Control		20,174	20,174
Other Trust		1,988,539	1,988,539
	<u>\$ 300</u>	<u>\$ 9,712,058</u>	<u>\$ 9,712,358</u>

During the period ended December 31, 2020, the Borough did not hold any investments other than certificates of deposit. The carrying amount of the Borough's cash and cash equivalents at December 31, 2020, was \$9,712,358 and the bank balance was \$9,594,553.

Note 10: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided through the New Jersey State Health Benefits Program.

Property, Liability and Workers' Compensation

The Borough is a member of the Morris County Municipal Joint Insurance Fund (the "Fund"). The Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by these funds to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 10: Risk Management (Cont'd)

As a member of the Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. The members may either receive payment or offset their subsequent year's assessments with their respective share of the distribution.

Selected summarized financial information for the Fund as of December 31, 2019 is as follows:

Total Assets	<u>\$ 35,348,941</u>
Net Position	<u>\$ 12,793,902</u>
Total Revenue	<u>\$ 20,767,037</u>
Total Expenses	<u>\$ 21,557,012</u>
Change in Net Position	<u>\$ (789,975)</u>
Members Dividends	<u>\$ -0-</u>

Financial statements for the Fund are available at the office of the Fund's Executive Director:

PERMA Risk Management Services  
9 Campus Drive, Suite 216  
Parsippany, NJ 07054  
(201) 881-7632

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.

The following is a summary of Borough contributions, employee contributions, interest earned, reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous year.

<u>Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ -0-	\$ 37	\$ -0-	\$ 18,134
2019	-0-	134	-0-	18,097
2018	17,207	122	16,935	17,963

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 11: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current	\$ 129	\$ 523,438
Federal and State Grant	286,092	
Animal Control		129
Other Trust	200,692	750
General Capital		50
Water Utility Operating	175	
Water Utility Capital		2
Solid Waste Utility Operating	<u>37,280</u>	
	<u>\$ 524,369</u>	<u>\$ 524,369</u>

The interfund receivable in the Federal and State Grant Fund is the result of federal and state grants that have been deposited into the Current Fund but have not been transferred to the Federal and State Grant Fund.

The interfund receivable in the Other Trust Funds is the result of a prior year interfund receivable plus current year interest and tax sale premiums collected in the Current Fund, which have not been turned over to the Other Trust Funds.

The interfund receivable in Solid Waste Utility Operating Fund due from Current Fund for excess funds transferred from a prior year interfund during the current year.

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 12: Economic Dependency

The Borough receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Borough's programs and activities.

Note 13: Open Space Trust Fund

The Borough created an Open Space Trust Fund with a tax levy of \$.005 per \$100 of assessed valuation during the year ended December 31, 2001. The funds collected are used to acquire and maintain open space property in the Borough. The balance in the Open Space Trust Fund at December 31, 2020 was \$11,682.03.

Note 14: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, and various contract disputes. The Borough vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on their financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Note 15: Deferred Charges to be Raised in Succeeding Years

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

	<u>Balance at</u> <u>Dec. 31 2020</u>	<u>To Be</u> <u>Raised in</u> <u>2021 Budget</u>	<u>Balance to</u> <u>Succeeding</u> <u>Years Budgets</u>
Current Fund:			
Special Emergency Authorization- Loss of Revenues due to COVID-19	\$ 300,000.00		\$ 300,000.00
Special Emergency Appropriations - N.J.S.A. 40A:4-53	<u>324,000.00</u>	<u>\$ 79,000.00</u>	<u>245,000.00</u>
Total Deferred Charges	<u>\$ 624,000.00</u>	<u>\$ 79,000.00</u>	<u>\$ 545,000.00</u>

The appropriation in the 2021 budget is not less than that required by statute.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 16: Fixed Assets

The following schedule is a summarization of general fixed assets for the year ended December 31, 2020:

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Additions</u>	<u>Adjustments/ Deletions</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Land	\$ 32,596,600.00			\$ 32,596,600.00
Buildings and Building Improvements	29,454,900.00			29,454,900.00
Equipment	6,729,167.00			6,729,167.00
	<u>\$ 68,780,667.00</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 68,780,667.00</u>

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their 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.

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

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

BOROUGH OF CHATHAM  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Contributions (Cont'd)

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.

Special Funding Situation

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

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. For New Jersey local governments who report under the regulatory basis of accounting, the net OPEB liability and related deferred inflows are not recorded in the financial statements and there is only note disclosure of this information. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources, or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers 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. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

OPEB Expense Related to OPEB

The total OPEB liability as of June 30, 2020 was not available from the State of New Jersey Division of Pension and Benefits as of the date of this report. The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

At June 30, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough was \$6,116,639. At June 30, 2019, the State's proportion related to the Borough was .110694% which was an increase of .0016% from its proportion measured as of June 30, 2018.

Additionally, during the year ended June 30, 2019 the State of New Jersey's OPEB expense related to the Borough was \$81,078.

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.

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

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

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

Actuarial assumptions used in the June 30, 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 – June 30, 2018, respectively. 100% of active members are considered to participate in the Plan upon retirement.

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan (Cont'd)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 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 rate for fiscal year 2020 is 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 rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond 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.

Note 18: Subsequent Event

The COVID-19 outbreak in the United States and specifically in New Jersey continues to have an impact on the Borough's operations and finances. Public access to the municipal offices continues to be restricted. Though the impact on the Borough's finances cannot be reasonably estimated at this date, the following is likely to continue through at least mid-year 2021: Interest on investments continues to be severely negatively impacted. Certain miscellaneous revenues as well as tax collections may continue to be lower than years previous to 2020.

The finances of the Borough's Water Utility Operating Fund and Solid Waste Utility Operating Fund will likely continue to be impacted by a significant decline in interest earnings similar to that of the Current Fund.

SUPPLEMENTARY DATA

BOROUGH OF CHATHAM  
ROSTER OF OFFICIALS  
YEAR ENDED DECEMBER 31, 2020

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

Name	Title	Amount of Bond
Thaddeus J. Kobylarz	Mayor	
Jocelyn Mathiasen	Council President	
Leonard Resto	Councilman	
Karen Koronkiewicz	Councilwoman	
Robert A Weber Sr.	Councilman	
Irene Treloar	Councilwoman	
Carolyn Dempsey	Councilwoman	
Stephen Williams	Borough Administrator	
Tamar Lawful	Borough Clerk	
Karen Fornaro	Chief Financial Officer	
Tyrina Cittrich	Assistant Financial Officer	
Madeline L. Polidor-LeBoeuf	Collector of Taxes	
	Tax Search Officer	
Therese DePierro	Tax Assessor	
Cheri Morris	Utilities Clerk	

Employee dishonesty coverage in the amount of \$1,000,000.00 is provided through the Morris County Municipal Joint Insurance Fund and Municipal Excess Liability Joint Insurance Fund (\$1,000,000) for all employees including the Chief Financial Officer and Tax Collector.

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
CURRENT FUND

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 4,570,931.03
Increased by Receipts:		
Tax Collector		\$ 44,969,197.76
Revenue Accounts Receivable		1,982,454.09
Sewer Fees Receivable		1,128,063.36
Miscellaneous Revenue Not Anticipated		129,164.13
Interest on Investments and Deposits		26,510.02
Due Federal and State Grant Fund:		
Unappropriated Grant Funds		162,129.48
Due Other Trust Funds - Interfund Returned		912.16
Due Animal Control Fund - Interfund Returned		6,629.39
Due Water Operating Utility Fund - Interfund Returned		5,929.07
Due Water Operating Utility Fund - Interfund Advanced		173.80
Due Solid Waste Utility Operating Fund - Interfund Returned		54,953.28
Due General Capital Fund:		
Interest Earned		4,297.75
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions		27,540.00
Marriage Licenses		400.00
Appropriation Refunds		524,401.45
Appropriation Reserve Refunds		34,057.45
		49,056,813.19
		53,627,744.22

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH  
(Continued)

	<u>Ref.</u>	
Decreased by Disbursements:		
2020 Appropriation Expenditures	\$ 12,868,445.30	
2019 Appropriation Reserve Expenditures	255,639.49	
Local School District Taxes	28,531,661.00	
County Taxes	6,884,085.04	
Due Federal and State Grant Fund:		
Appropriated Reserve Expenditures	8,458.41	
Due Other Trust Funds:		
Open Space Tax Levy	105,576.21	
Due State of New Jersey - Marriage Licenses	450.00	
Due General Capital Fund - Interfund Returned	175,893.76	
Refund of:		
Prior Year Revenue	25,193.75	
Tax Overpayments	17,868.94	
	\$ 48,873,271.90	
Balance December 31, 2020	A	\$ 4,754,472.32

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2020

Increased by Receipts:

Taxes Receivable	\$ 44,370,934.45	
2021 Prepaid Taxes	335,146.41	
Interest and Costs on Taxes	103,024.05	
Miscellaneous	355.00	
Third Party Liens	97,100.00	
Tax Overpayments	<u>62,637.85</u>	
		\$ 44,969,197.76

Decreased by:

Payments to Municipal Treasurer		<u>\$ 44,969,197.76</u>
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BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND  
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance	2020 Levy	Added Taxes	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Canceled	Transferred to Tax Title Liens	Balance
	Dec. 31, 2019			2019	2020				Dec. 31, 2020
2017	\$ 317.76								\$ 317.76
2018	332.41								332.41
2019	345,660.03		\$ 14,023.33		\$ 333,951.58		\$ 6.17		25,725.61
	346,310.20		14,023.33		333,951.58		6.17		26,375.78
2020		\$ 44,897,406.46		\$ 329,099.79	44,036,982.87	\$ 26,750.00	78,622.83	\$ 644.18	425,306.79
	\$ 346,310.20	\$ 44,897,406.46	\$ 14,023.33	\$ 329,099.79	\$ 44,370,934.45	\$ 26,750.00	\$ 78,629.00	\$ 644.18	\$ 451,682.57

Ref.

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Analysis of 2020 Property Tax Levy

## Tax Yield:

General Purpose Tax	\$ 44,765,793.05
Added and Omitted Taxes	131,613.41
	<u>\$ 44,897,406.46</u>

## Tax Levy:

Regional School District Taxes	\$ 28,531,661.00
Municipal Open Space Taxes	105,576.21
County Open Space Taxes	197,815.76
County Taxes	6,657,837.36
Due County for Added and Omitted Taxes	18,272.83
	<u>6,873,925.95</u>
	35,511,163.16
Local Tax for Municipal Purposes Levied	8,395,132.00
Minimum Library Tax Levied	869,123.00
	<u>9,264,255.00</u>
Add: Additional Tax Levied	121,988.30
	<u>9,386,243.30</u>
	<u>\$ 44,897,406.46</u>

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 11,275.19
Increased by:		
Transfer from Taxes Receivable		<u>644.18</u>
Balance December 31, 2020	A	<u><u>\$ 11,919.37</u></u>

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Accrued In 2020	Collected By Treasurer	Balance Dec. 31, 2020
Licenses:				
Alcoholic Beverages - Clerk		\$ 14,000.00	\$ 14,000.00	
Fees and Permits:				
Planning, Assessment and Zoning Board		18,470.45	18,470.45	
Health Officer		11,628.00	11,628.00	
Gun Permits		2,876.95	2,876.95	
Fire Safety Permits		14,164.45	14,164.45	
Municipal Court - Fines and Fees	\$ 9,547.00	45,046.81	45,046.81	\$ 9,547.00
Parking Meters		210,773.21	210,773.21	
Cable TV Franchise Fee			132,808.91	
Energy Receipts Tax		569,795.99	569,795.99	
Watershed Moratorium Offset Aid		2,303.00	2,303.00	
Uniform Construction Code Fees		36,986.71	36,986.71	
Farmers Market Fees		12,392.33	12,392.33	
Lease of Municipal Premises		665,791.48	665,791.48	
Shared Services with Chatham Township				
Joint Recreation	21,923.13	30,415.80	30,415.80	21,923.13
Utility Operating Surplus of Prior Year:				
Water Utility Operating Fund		215,000.00	215,000.00	
	<u>\$ 31,470.13</u>	<u>\$ 1,849,645.18</u>	<u>\$ 1,982,454.09</u>	<u>\$ 31,470.13</u>

Ref.

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BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF SEWER FEES RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 56,936.11
Increased by:		
Billings		<u>1,093,131.66</u>
		1,150,067.77
Decreased by:		
Collections		<u>1,128,063.36</u>
Balance December 31, 2020	A	<u><u>\$ 22,004.41</u></u>

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
Administrative and Executive:				
Salaries and Wages:	\$ 932.24	\$ 932.24		\$ 932.24
Other Expenses:	35,063.29	35,063.29	\$ 12,494.58	22,568.71
Community Service:				
Salaries and Wages	249.51	249.51		249.51
Other Expenses	8,440.17	8,440.17	1,569.42	6,870.75
Human Services:				
Salaries and Wages	770.99	770.99		770.99
Other Expenses	6,252.50	6,252.50	108.50	6,144.00
Mayor and Council:				
Other Expenses	198.50	198.50		198.50
Borough Clerk:				
Salaries and Wages	456.60	456.60		456.60
Other Expenses	2,342.33	2,342.33	2,144.12	198.21
Financial Administration:				
Salaries and Wages	1,376.60	1,376.60		1,376.60
Other Expenses	21,019.08	21,019.08	21,019.08	
Auditor:				
Other Expenses	30,200.00	30,200.00	30,200.00	
Legal Services:				
Other Expenses	24,308.95	24,308.95	24,308.95	
Tax Collection:				
Salaries and Wages	2,437.53	2,437.53		2,437.53
Other Expenses	1,279.73	1,279.73		1,279.73

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
Tax Assessment:				
Salaries and Wages	\$ 1,830.82	\$ 330.82		\$ 330.82
Other Expenses	180,054.47	186,554.47	\$ 181,075.00	5,479.47
Engineering Services and Costs:				
Salaries and Wages	75.04	75.04		75.04
Other Expenses	895.36	895.36		895.36
Historic Preservation:				
Other Expenses	100.00	100.00		100.00
P.E.O.S.H.A.				
Other Expenses	1,528.46	1,528.46		1,528.46
Interlocal Agreement - Joint Court:				
Other Expenses	17.90	17.90		17.90
Public Buildings and Grounds:				
Other Expenses	4,265.41	4,265.41	3,344.90	920.51
Municipal Land Use Law (NJSA 40:55D-1):				
Planning Board:				
Other Expenses	8,295.15	8,295.15	7,050.00	1,245.15
Zoning Board of Adjustment:				
Salaries and Wages	1,484.48	1,484.48		1,484.48
Other Expenses	3,202.90	3,202.90	2,250.00	952.90
Shade Tree:				
Other Expenses	19,100.00	19,100.00		19,100.00
Environmental Commission (R.S. 40:56A-1 et seq):				
Salaries & Wages	58.08	58.08		58.08
Other Expenses	1,950.00	1,950.00		1,950.00

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020  
(Continued)

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
Emergency Management Services:				
Salaries and Wages	\$ 1,145.77	\$ 1,145.77		\$ 1,145.77
Other Expenses	505.17	505.17	\$ 52.34	452.83
Fire:				
Salaries and Wages	460.39	460.39		460.39
Other Expenses	7,501.25	9,501.25	8,912.78	588.47
Fire Safety:				
Salaries and Wages	11,819.19	9,819.19		9,819.19
Other Expenses	1,668.76	1,668.76	114.03	1,554.73
Public Works Department:				
Salaries and Wages	4,014.50	4,014.50		4,014.50
Other Expenses	8,930.01	8,930.01	8,569.27	360.74
Police:				
Salaries and Wages	111,690.31	111,690.31		111,690.31
Other Expenses	60,444.02	60,444.02	31,006.38	29,437.64
Purchase of Police Vehicle	681.44	681.44		681.44
Interlocal Service Agreement:				
Other Expenses	1.53	1.53		1.53
Project Pride:				
Other Expenses	6.36	6.36		6.36
Parking Administration:				
Salaries and Wages	336.44	336.44		336.44
Other Expenses	2,447.18	2,447.18	1,026.90	1,420.28
Vehicle Maintenance:				
Salaries and Wages	517.80	517.80		517.80
Other Expenses	3,970.03	3,970.03	2,421.49	1,548.54

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2020

(Continued)

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
Community Service - Condo Cost				
Other Expenses	\$ 1,800.00	\$ 1,800.00		\$ 1,800.00
Board of Health:				
Salaries and Wages	1,293.14	1,293.14		1,293.14
Other Expenses	3,706.73	3,706.73		3,706.73
Park Maintenance:				
Other Expenses	11,585.34	11,585.34	\$ 7,914.30	3,671.04
Recreation:				
Other Expenses	5,899.86	5,899.86	225.59	5,674.27
Farmer's Market:				
Other Expenses	8.49	8.49		8.49
Utilities Expenses and Bulk Purchases:				
Utilities	26,661.95	26,661.95	26,661.95	
Insurance:				
Group Insurance for Employees	10,974.96	10,974.96	3,230.78	7,744.18
Unemployment Compensation Insurance	37.82	37.82		37.82
Contingent	4,000.00	4,000.00		4,000.00
Defined Contribution Retirement Program	2,000.00	2,000.00	1,591.70	408.30
Social Security System (O.A.S.I.)	12,955.84	7,955.84	806.48	7,149.36
Sewer Service Charge - Contractual	6,411.93	6,411.93	483.50	5,928.43
LOSAP Contribution:				
LOSAP Program	20,000.00	20,000.00	18,000.00	2,000.00
	<u>\$ 681,662.30</u>	<u>\$ 681,662.30</u>	<u>\$ 396,582.04</u>	<u>\$ 285,080.26</u>
<u>Analysis of Balance December 31, 2019</u>				
Encumbered	\$ 87,059.86			
Unencumbered	594,602.44			
	<u>\$ 681,662.30</u>			

Cash Disbursed	\$ 255,639.49
Reserve for Revaluation	175,000.00
	<u>430,639.49</u>
Less: Appropriation Refunds	<u>34,057.45</u>
	<u>\$ 396,582.04</u>

BOROUGH OF CHATHAM  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2020

Increased by:

Levy - Calendar Year 2020

\$ 28,531,661.00

Decreased by:

Payments to Regional School District

\$ 28,531,661.00

BOROUGH OF CHATHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2019	2020 Budget Revenue Realized	Canceled to Current Fund Operations	Balance Dec. 31, 2020
Cool Cities Program Grant	\$ 1,887.76			\$ 1,887.76
Donations - Chatham Jaycees:				
Chatham Shade Tree Commission	2,750.00			2,750.00
Mayors Wellness	2,000.00			2,000.00
Body Armor Replacement Fund		\$ 2,178.00	\$ 2,178.00	
Federal Bulletproof Vest	40.60			40.60
Sustainable Energy Grant	0.50			0.50
Distracted Driving Enforcement Fund	5,500.00			5,500.00
FEMA Winter Storm Jonas	3,254.94			3,254.94
NJ Department of Transportation- Washington Ave		133,500.00		133,500.00
	<u>\$ 15,433.80</u>	<u>\$ 135,678.00</u>	<u>\$ 2,178.00</u>	<u>\$ 148,933.80</u>

Ref.

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Original Budget    \$ 135,678.00

\$ 135,678.00

BOROUGH OF CHATHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Received</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
Body Armor Replacement Fund		\$ 2,178.69	\$ 2,178.69
Alcohol Education and Rehabilitation Fund		500.12	500.12
Clean Communities		15,723.17	15,723.17
2020 Department of Transportation Grant		138,750.00	138,750.00
Chatham Jaycee - Mayors Wellness	\$ 2,250.00		2,250.00
DHTS Enforcement Grant		4,977.50	4,977.50
	<u>\$ 2,250.00</u>	<u>162,129.48</u>	<u>\$ 164,379.48</u>

Ref.

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BOROUGH OF CHATHAM  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2019	Transferred from 2020 Budget Appropriations	Expended	Canceled to Current Fund Operations	Balance Dec. 31, 2020
Drunk Driving Enforcement Fund	\$ 5,828.50		\$ 659.00		\$ 5,169.50
Clean Communities Program	8,148.06		7,799.41		348.65
Alcohol Education and Rehabilitation	3,447.45				3,447.45
Municipal Alliance on Alcoholism and Drug Abuse:					
State Share	1,240.87				1,240.87
Local Share	2,053.60	\$ 3,750.00			5,803.60
FEMA Winter Storm Jonas	58,824.97				58,824.97
Body Armor Replacement Fund	2,319.97	2,178.00		\$ 2,178.00	2,319.97
Sprout House Grant - Memorial Park	1,465.27				1,465.27
Sustainable Jersey Grant	12,537.38				12,537.38
NJCFC - Highlands Grant (Farmer's Market)	1,813.63				1,813.63
Bulletproof Vest Program - Federal	40.60				40.60
Office of Environmental Services Grant	4.37				4.37
Environmental Grant	500.00				500.00
Municipal Stormwater Regulation Program	7,909.13				7,909.13
Cool Cities Program Grant	1,887.76				1,887.76
Improvement District Challenge Grant - State	69.08				69.08
Improvement District Challenge Grant - Matching	69.08				69.08
Donations - Madison Medical and Sports Rehabilitation	1,000.00				1,000.00
Donations - Mayor's Wellness Campaign	1,983.43				1,983.43
Donations - Chatham Jacyees:					
Farmer's Market	278.95				278.95
Community Garden Center	675.37				675.37
Chatham Shade Tree Commission	1,750.00				1,750.00
NJ Energy Efficiency Conservation Block Grant	20,000.00				20,000.00
ANJEC Smart Growth Planning Grant	5,507.50				5,507.50
ANJEC Smart Growth Planning Grant - Matching	2,500.00				2,500.00
NJ Department of Transportation- Washington Ave		133,500.00			133,500.00
	<u>\$ 141,854.97</u>	<u>\$ 139,428.00</u>	<u>\$ 8,458.41</u>	<u>\$ 2,178.00</u>	<u>\$ 270,646.56</u>

Ref.

A

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Original Budget

\$ 135,678.00

Matching Funds

3,750.00\$ 139,428.00

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
TRUST FUNDS

BOROUGH OF CHATHAM  
TRUST FUNDS  
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2019	B	\$ 27,433.79	\$ 1,402,717.85
Increased by Receipts:			
Animal Control Collector		\$ 11,935.80	
Interest Income		137.10	
Due to State		628.20	
Recreation			\$ 88,969.91
COAH			84,745.78
Public Offenses Adjudication Act			392.00
Recycling			420.00
Accumulated Absences			15,000.00
Chatham Spring Cleaning			9,725.36
Beekeepers Club			650.00
Community Garden Recreation			5,274.00
Shade Tree Commission			1,600.00
Police Services (Outside)			649,630.07
Stanley Property Donation			350,000.00
Due Current Fund:			
Interest Income			2,747.52
Special Deposits:			
Deposits			129,817.43
Interest			134.06
Open Space:			
Interest			164.08
Other Deposits:			105,576.21
State Unemployment Insurance:			
Interest			37.12
		<u>12,701.10</u>	<u>1,444,883.54</u>
		40,134.89	2,847,601.39
Decreased by Disbursements:			
Recreation			98,803.04
Chatham Spring Cleaning			1,586.55
John Kruski Bequest			300.00
Fishawack Celebration			9,936.82
Beekeepers Club			719.15
Community Garden Recreation			1,754.12
Police Services (Outside)			496,486.59
Public Safety Donations			8,409.26
Administrative Expenses		12,704.75	
Due Current Fund:			
Statutory Excess		6,629.39	
Interest Income			912.16
Due to State		627.00	
Special Deposits			102,809.77
Open Space			137,344.86
		<u>19,961.14</u>	<u>859,062.32</u>
Balance December 31, 2020	B	<u>\$ 20,173.75</u>	<u>\$ 1,988,539.07</u>

BOROUGH OF CHATHAM  
ANIMAL CONTROL TRUST FUND  
SCHEDULE OF ANIMAL CONTROL FUND CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2020

Increased by:

Animal Control License Fees:

Dogs	\$ 8,299.80
Cats	886.00
Late Fees	750.00
Due to State of New Jersey	628.20
Interest Income	137.10
Current Fund Budget Appropriation	<u>2,000.00</u>

\$ 12,701.10

Decreased by:

Paid to Treasurer

\$ 12,701.10

BOROUGH OF CHATHAM  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 20,772.60
Increased by:		
Animal Control License Fees:		
Dogs		\$ 8,299.80
Cats		886.00
Late Fees		750.00
Interest Income		137.10
Current Fund Budget Appropriation		<u>2,000.00</u>
		<u>12,072.90</u>
		<u>32,845.50</u>
Decreased by:		
Animal Control Expenditures (R.S. 4:19-15.11):		
Cash Disbursed		12,704.75
Statutory Excess Due to Current Fund		<u>129.15</u>
		<u>12,833.90</u>
Balance December 31, 2020	B	<u><u>\$ 20,011.60</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2018	\$ 9,525.60
2019	<u>10,486.00</u>
Maximum Allowable Reserve	<u><u>\$ 20,011.60</u></u>

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
GENERAL CAPITAL FUND

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 614,735.74
Increased by Receipts:		
Due Current Fund:		
Interest Earned	\$ 4,297.75	
Interfund Returned	175,893.76	
2020 Budget Appropriations:		
Capital Improvement Fund	90,000.00	
Bond Anticipation Note Proceeds	1,001,750.00	
Morris County Grant Receivable	93,710.00	
	<u>1,365,651.51</u>	<u>1,980,387.25</u>
Decreased by Disbursements:		
Improvement Authorizations	295,218.24	
Due Current Fund:		
Interest Earned	4,297.75	
Due Water Utility Capital Fund:		
Prior Year Interfund Returned	410,751.53	
	<u>710,267.52</u>	<u>710,267.52</u>
Balance December 31, 2020	C	<u>\$ 1,270,119.73</u>



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

Ord. No.	Improvement Description	Balance Dec. 31, 2019	2020 Improvement Authorizations	Balance Dec. 31, 2020	Analysis of Balance December 31, 2020		Unexpended Improvement Authorizations
					Financed by Bond Anticipation Notes	Expenditures	
13-07	Acquisition of Equipment	\$ 320.00		\$ 320.00		\$ 257.59	\$ 62.41
14-10	Various General Improvements	288,000.00		288,000.00			288,000.00
17-11	Replace Turf Field at Lum Avenue Field	175,000.00		175,000.00	\$ 175,000.00		
18-02	Various Improvements and Equipment	850,250.00		850,250.00	850,250.00		
19-09	Various Improvements and Equipment	1,115,000.00		1,115,000.00	1,001,750.00		113,250.00
19-17	Improve Madison-Chatham Joint Meeting Sewer Facility	728,000.00		728,000.00			728,000.00
20-09	Replacing Equipment and Machinery		\$ 1,095,000.00	1,095,000.00			1,095,000.00
		<u>\$ 3,156,570.00</u>	<u>\$ 1,095,000.00</u>	<u>\$ 4,251,570.00</u>	<u>\$ 2,027,000.00</u>	<u>\$ 257.59</u>	<u>\$ 2,224,312.41</u>
	<u>Ref.</u>	C		C			
Improvement Authorizations - Unfunded							\$ 3,180,614.36
Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							
Ord # 17-11 - Replace Turf Field at Lum Avenue Field						\$ (30.62)	
Ord # 18-02 - Various Improvements and Equipment						(334,771.39)	
Ord # 19-09 - Various Improvements and Equipment						(621,499.94)	
							<u>(956,301.95)</u>
							<u>\$ 2,224,312.41</u>

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2019		2020 Authorizations				Balance Dec. 31, 2020	
		Date	Amount	Funded	Unfunded	Capital Improvement Fund	Fund Balance	Deferred Charges to Future Taxation - Unfunded	Paid or Charged	Funded	Unfunded
	<u>General Improvements:</u>										
11-12	Various Improvements and Equipment	6/13/2011	1,797,911.00	\$ 16,958.68						\$ 16,958.68	
11-15	Purchase of Dump Truck	9/26/2011	6,435.00	9.00						9.00	
12-06	Various Improvements and Equipment	4/23/2012	1,039,851.00	1,746.46						1,746.46	
13-07	Various Public Improvements	3/25/2013	350,000.00	1,383.60	\$ 320.00				\$ 1,641.19		\$ 62.41
13-09	Various Improvements and Equipment	3/25/2013	374,700.00	30,096.74						30,096.74	
14-04	Various Improvements and Equipment	4/28/2014	971,000.00	34,932.47					8,363.79	26,568.68	
14-10	Rehabilitation of Madison-Chatham Joint Meeting	11/24/2014	1,334,000.00		288,000.00						288,000.00
15-05	Various Improvements and Equipment	4/27/2015	1,507,640.00	191,577.34					486.45	191,090.89	
16-02	Various Improvements and Equipment and Oliver Street Improvements	4/25/2016	1,264,500.00	138,059.85					13,690.60	124,369.25	
		5/23/2016	110,000.00	1,644.92						1,644.92	
17-01	General Improvements and Equipment	2/3/2017	1,195,210.00	162,381.45					64,764.57	97,616.88	
17-11	Replace Turf Field at Lum Avenue Field	11/27/2017	385,000.00		30.62						30.62
18-02	Various Improvements and Equipment	3/12/2018	1,000,000.00		382,103.68				47,332.29		334,771.39
18-12	Madison-Chatham Joint Meeting - Molitor Pollution Control Facility	12/10/2018	2,730,000.00	2,496,133.00					1,148,426.00	1,347,707.00	
19-09	Various Improvements and Equipment	4/22/2019	1,298,500.00		821,012.36				86,262.42		734,749.94
19-17	Improve Madison-Chatham Joint Meeting Sewer Facility	12/19/2019	728,000.00		728,000.00						728,000.00
20-09	Replacing Equipment and Machinery	4/22/2019	1,298,500.00			\$ 60,000.00		\$ 1,095,000.00	55,936.08	4,063.92	1,095,000.00
20-10	Various Acquisitions - Police and Fire	12/19/2019	728,000.00			37,000.00				37,000.00	
20-11	Various Improvements and Acquisitions	12/19/2019	728,000.00				\$ 56,000.00		16,740.85	39,259.15	
				<u>\$ 3,074,923.51</u>	<u>\$ 2,219,466.66</u>	<u>\$ 97,000.00</u>	<u>\$ 56,000.00</u>	<u>\$ 1,095,000.00</u>	<u>\$ 1,443,644.24</u>	<u>\$ 1,918,131.57</u>	<u>\$ 3,180,614.36</u>
			<u>Ref. C</u>		<u>C</u>					<u>C</u>	<u>C</u>
								Cash Disbursed	\$ 295,218.24		
								Cash Disbursed by Madison-Chatham Joint Meeting	<u>1,148,426.00</u>		
									<u>\$ 1,443,644.24</u>		

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 11,144.37
Increased by:		
2020 Budget Appropriation		<u>90,000.00</u>
		101,144.37
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>97,000.00</u>
Balance December 31, 2020	C	<u><u>\$ 4,144.37</u></u>

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2019	Issued	Matured	Balance Dec. 31, 2020
		Original Issue	Issue	Maturity					
17-11	Replace Turf Field at Lum Avenue Field	5/24/2018	5/24/2019 5/22/2020	5/24/2020 5/24/2021	2.50% 1.09%	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00	\$ 175,000.00
18-02	Various Improvements and Acquisition of Equipment	5/24/2018	5/24/2019 5/22/2020	5/24/2020 5/24/2021	2.50% 1.09%	850,250.00	850,250.00	850,250.00	850,250.00
19-09	Various Improvements and Acquisition	5/22/2020	5/22/2020	5/24/2021	1.09%		1,001,750.00		1,001,750.00
						<u>\$ 1,025,250.00</u>	<u>\$ 2,027,000.00</u>	<u>\$ 1,025,250.00</u>	<u>\$ 2,027,000.00</u>
					<u>Ref.</u>	C			C
							\$ 1,001,750.00		
							<u>1,025,250.00</u>	<u>\$ 1,025,250.00</u>	
							<u>\$ 2,027,000.00</u>	<u>\$ 1,025,250.00</u>	

Issued for Cash  
Renewals

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Matured	Balance Dec. 31, 2020
			Date	Amount				
Refunding Bonds Series 2016	11/23/16	\$ 3,235,000.00	12/15/21	\$ 610,000.00	1.370%	\$ 1,250,000.00	\$ 640,000.00	\$ 610,000.00
General Improvements	8/15/11	5,819,000.00	08/15/21	630,000.00	2.000%	2,559,000.00	610,000.00	1,949,000.00
			08/15/22	650,000.00	2.000%			
			08/15/23	669,000.00	2.000%			
General Improvements	4/1/2017	5,200,000.00	04/01/21	310,000.00	2.000%	4,635,000.00	320,000.00	4,315,000.00
			04/01/22	520,000.00	2.000%			
			04/01/23	530,000.00	2.000%			
			04/01/24	455,000.00	2.000%			
			04/01/25	470,000.00	1.500%			
			04/01/26	485,000.00	1.500%			
			04/01/27	500,000.00	2.000%			
			04/01/28	515,000.00	2.000%			
			04/01/29	530,000.00	2.000%			
						<u>\$ 8,444,000.00</u>	<u>\$ 1,570,000.00</u>	<u>\$ 6,874,000.00</u>
					<u>Ref.</u>	C		C

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

Ord. No.	Improvement Description	Balance Dec. 31, 2019	Matured	Balance Dec. 31, 2020
09-17	Sanitary Sewer Lining and Pipe Replacing	\$ 446,578.75	\$ 79,495.75	\$ 367,083.00
14-10	Rehabilitation of Madison- Chatham Joint Meeting	817,118.67	50,474.57	766,644.10
09-10	Rehabilitation of Madison- Chatham Joint Meeting	289,203.71	28,320.34	260,883.37
18-12	Madison-Chatham Joint Meeting - Molitor Pollution Control Facili	2,730,000.00		2,730,000.00
		<u>\$ 4,282,901.13</u>	<u>\$ 158,290.66</u>	<u>\$ 4,124,610.47</u>
	<u>Ref.</u>	C		C

SANITARY SEWER LINING AND PIPE REPLACING  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND  
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2020

Year	Principal	Balance of Loan
		\$ 173,083.00
2/1/2021	\$ 21,165.25	151,917.75
8/1/2021	42,330.50	109,587.25
2/1/2022	21,165.25	88,422.00
8/1/2022	42,330.50	46,091.50
2/1/2023	21,165.25	21,165.25
8/1/2023	24,926.25	
	<u>\$ 173,083.00</u>	

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE  
(Continued)

SANITARY SEWER LINING AND PIPE REPLACING  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST  
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2020

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
2/1/2021	3,880.00		\$ 194,000.00
8/1/2021	3,880.00	\$ 16,000.00	178,000.00
2/1/2022	3,560.00		178,000.00
8/1/2022	3,560.00	21,000.00	157,000.00
2/1/2023	3,140.00		157,000.00
8/1/2023	3,140.00	21,000.00	136,000.00
2/1/2024	2,720.00		136,000.00
8/1/2024	2,720.00	21,000.00	115,000.00
2/1/2025	2,300.00		115,000.00
8/1/2025	3,300.00	20,000.00	95,000.00
2/1/2026	1,900.00		95,000.00
8/1/2026	1,900.00	20,000.00	75,000.00
2/1/2027	1,500.00		75,000.00
8/1/2027	1,500.00	25,000.00	50,000.00
2/1/2028	1,000.00		50,000.00
8/1/2028	1,000.00	25,000.00	25,000.00
2/1/2029	500.00		25,000.00
8/1/2029	500.00	25,000.00	
	<u>\$ 42,000.00</u>	<u>\$ 194,000.00</u>	

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

REHABILITATION OF MADISON-CHATHAM JOINT MEETING  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND  
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2020

<u>Year</u>	<u>Principal</u>	<u>Balance of Loan</u>
		\$ 566,644.10
2/1/2021	\$ 13,491.52	553,152.58
8/1/2021	26,983.05	526,169.53
2/1/2022	13,491.52	512,678.01
8/1/2022	26,983.05	485,694.96
2/1/2023	13,491.52	472,203.44
8/1/2023	26,983.05	445,220.39
2/1/2024	13,491.52	431,728.87
8/1/2024	26,983.05	404,745.82
2/1/2025	13,491.52	391,254.30
8/1/2025	26,983.05	364,271.25
2/1/2026	13,491.52	350,779.73
8/1/2026	26,983.05	323,796.68
2/1/2027	13,491.52	310,305.16
8/1/2027	26,983.05	283,322.11
2/1/2028	13,491.52	269,830.59
8/1/2028	26,983.05	242,847.54
2/1/2029	13,491.52	229,356.02
8/1/2029	26,983.05	202,372.97
2/1/2030	13,491.52	188,881.45
8/1/2030	26,983.05	161,898.40
2/1/2031	13,491.52	148,406.88
8/1/2031	26,983.05	121,423.83
2/1/2032	13,491.52	107,932.31
8/1/2032	26,983.05	80,949.26
2/1/2033	13,491.52	67,457.74
8/1/2033	26,983.05	40,474.69
2/1/2034	13,491.52	26,983.17
8/1/2034	26,983.17	
	<u>\$ 566,644.10</u>	

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

REHABILITATION OF MADISON-CHATHAM JOINT MEETING  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST  
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2020

Year	Interest	Principal	Balance of Loan
			\$ 200,000.00
2/1/2021	\$ 4,350.00		200,000.00
8/1/2021	4,350.00	\$ 10,000.00	190,000.00
2/1/2022	4,100.00		190,000.00
8/1/2022	4,100.00	10,000.00	180,000.00
2/1/2023	3,850.00		180,000.00
8/1/2023	3,850.00	10,000.00	170,000.00
2/1/2024	3,600.00		170,000.00
8/1/2024	3,600.00	10,000.00	160,000.00
2/1/2025	3,350.00		160,000.00
8/1/2025	3,350.00	15,000.00	145,000.00
2/1/2026	2,975.00		145,000.00
8/1/2026	2,975.00	15,000.00	130,000.00
2/1/2027	2,600.00		130,000.00
8/1/2027	2,600.00	15,000.00	115,000.00
2/1/2028	2,300.00		115,000.00
8/1/2028	2,300.00	15,000.00	100,000.00
2/1/2029	2,000.00		100,000.00
8/1/2029	2,000.00	15,000.00	85,000.00
2/1/2030	1,700.00		85,000.00
8/1/2030	1,700.00	15,000.00	70,000.00
2/1/2031	1,400.00		70,000.00
8/1/2031	1,400.00	15,000.00	55,000.00
2/1/2032	1,100.00		55,000.00
8/1/2032	1,100.00	15,000.00	40,000.00
2/1/2033	800.00		40,000.00
8/1/2033	800.00	20,000.00	20,000.00
2/1/2034	400.00		20,000.00
8/1/2034	400.00	20,000.00	
	<u>\$ 78,250.00</u>	<u>\$ 200,000.00</u>	

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE

REHABILITATION OF MADISON-CHATHAM JOINT MEETING  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND  
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2020

<u>Year</u>	<u>Principal</u>	<u>Balance of Loan</u>
		\$ 119,883.37
2/1/2021	\$ 4,440.11	115,443.26
8/1/2021	8,880.23	106,563.03
2/1/2022	4,440.11	102,122.92
8/1/2022	8,880.23	93,242.69
2/1/2023	4,440.11	88,802.58
8/1/2023	8,880.23	79,922.35
2/1/2024	4,440.11	75,482.24
8/1/2024	8,880.23	66,602.01
2/1/2025	4,440.11	62,161.90
8/1/2025	8,880.23	53,281.67
2/1/2026	4,440.11	48,841.56
8/1/2026	8,880.23	39,961.33
2/1/2027	4,440.11	35,521.22
8/1/2027	8,880.23	26,640.99
2/1/2028	4,440.11	22,200.88
8/1/2028	8,880.23	13,320.65
2/1/2029	4,440.11	8,880.54
8/1/2029	8,880.54	
	<u>\$ 119,883.37</u>	

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE  
(Continued)

REHABILITATION OF MADISON-CHATHAM JOINT MEETING  
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST  
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2020

Year	Interest	Principal	Balance of Loan
			\$ 141,000.00
2/1/2021	\$ 2,820.00		141,000.00
8/1/2021	2,820.00	\$ 14,000.00	127,000.00
2/1/2022	2,540.00		127,000.00
8/1/2022	2,540.00	14,000.00	113,000.00
2/1/2023	2,260.00		113,000.00
8/1/2023	2,260.00	14,000.00	99,000.00
2/1/2024	1,980.00		99,000.00
8/1/2024	1,980.00	14,000.00	85,000.00
2/1/2025	1,700.00		85,000.00
8/1/2025	1,700.00	14,000.00	71,000.00
2/1/2026	1,420.00		71,000.00
8/1/2026	1,420.00	14,000.00	57,000.00
2/1/2027	1,140.00		57,000.00
8/1/2027	1,140.00	19,000.00	38,000.00
2/1/2028	760.00		38,000.00
8/1/2028	760.00	19,000.00	19,000.00
2/1/2029	380.00		19,000.00
8/1/2029	380.00	19,000.00	
	<u>\$ 30,000.00</u>	<u>\$ 141,000.00</u>	

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF NJ ENVIRONMENTAL INFRASTRUCTURE TRUST CONSTRUCTION LOANS PAYABLE

	<u>Ref.</u>	<u>Fund Loan</u>
Balance December 31, 2019	C	<u>\$ 2,730,000.00</u>
Balance December 31, 2020	C	<u>\$ 2,730,000.00</u>

SCHEDULE OF NOTE OUTSTANDING DECEMBER 31, 2020  
THE CONSTRUCTION FINANCING LOAN PROGRAM

<u>Project No.</u>	<u>Ord. No.</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2020</u>
S340715-07B	18-12	4/15/19	4/5/21	0.00%	\$ 2,730,000.00

BOROUGH OF CHATHAM  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2020

Ord. No.	Improvement Description	Balance Dec. 31, 2019	2020 Improvement Authorizations	Bond Anticipation Notes Issued	Balance Dec. 31, 2020
13-07	Various Public Improvements	\$ 320.00			\$ 320.00
14-10	Rehabilitation of Madison-Chatham Joint Meeting Facility	288,000.00			288,000.00
19-09	Various Improvements and Equipment	1,115,000.00		\$ 1,001,750.00	113,250.00
19-17	Improve Madison-Chatham Joint Meeting Sewer Facility	728,000.00			728,000.00
20-09	Replacing Equipment and Machinery		\$ 1,095,000.00		1,095,000.00
		<u>\$ 2,131,320.00</u>	<u>\$ 1,095,000.00</u>	<u>\$ 1,001,750.00</u>	<u>\$ 2,224,570.00</u>

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
WATER UTILITY FUND

BOROUGH OF CHATHAM  
WATER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2019	D	\$ 852,794.49	\$ 236,849.23
Increased by Receipts:			
Water Utility Collector		\$ 1,758,620.06	
Interest Earned		5,235.29	
Due Current Fund:			
Sewer Rents		1,128,063.36	
Due General Capital Fund - Interfund Returned			\$ 410,751.53
Due Solid Waste Utility Operating Fund:			
Interfund Returned		143.03	
Due Water Utility Operating Fund:			
Interest Earned			918.96
Interfund Advanced			1.58
Due Water Utility Capital Fund:			
Prior Year Interfund Returned		14,626.99	
Interest Earned		918.96	
2020 Budget Appropriation:			
Capital Improvement Fund			5,000.00
Improvement Authorizations			12,504.42
		<u>2,907,607.69</u>	<u>12,504.42</u>
		3,760,402.18	429,176.49
			666,025.72
Decreased by Disbursements:			
2020 Appropriation Expenditures		1,469,769.52	
2019 Appropriation Reserve Expenditures		15,164.37	
Interest on Bonds		45,288.52	
Interest on Notes		9,907.15	
Due Current Fund:			
Sewer Rents		1,128,237.16	
Surplus Anticipated		215,000.00	
Interfund Returned		5,929.07	
Due Water Utility Operating Fund:			
Interfund Returned		1.58	14,626.99
Interest Earned			918.96
Improvement Authorizations			160,175.45
		<u>2,889,297.37</u>	<u>175,721.40</u>
Balance December 31, 2020	D	<u>\$ 871,104.81</u>	<u>\$ 490,304.32</u>

BOROUGH OF CHATHAM  
WATER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER, 31 2020

Increased by Receipts:

Consumer Accounts Receivable:

Water Rents	\$ 1,727,422.91
Miscellaneous Revenue	19,739.33
Water Rent Overpayments	11,457.82

\$ 1,758,620.06

Decreased by:

    Paid to Treasurer

\$ 1,758,620.06



BOROUGH OF CHATHAM  
WATER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 101,259.50
Increased by:		
Billings		<u>1,743,466.42</u>
		1,844,725.92
Decreased by:		
Collections	\$ 1,727,422.91	
Overpayments Applied	<u>10,508.93</u>	
		<u>1,737,931.84</u>
Balance December 31, 2020	D	<u><u>\$ 106,794.08</u></u>

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2019	Transfer from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2020
Pumping System Land	\$ 32,969.57		\$ 32,969.57
Springs and Wells	1,314,670.88		1,314,670.88
Pumping Station Structure	32,615.47		32,615.47
Electric Station Structure	62,901.82		62,901.82
Other Pumping Power Equipment	14,408.96		14,408.96
Miscellaneous Pumping Equipment	5,599.36		5,599.36
Storage Reservoirs, Tank and Standpipe	58,678.47		58,678.47
Distribution Mains and Accessories	3,048,360.57		3,048,360.57
Service Pipes and Stops	31,278.87		31,278.87
Meters, Meter Boxes and Valves	745,461.93		745,461.93
Fire Hydrants, Cisterns and Valves	197,291.87		197,291.87
General Equipment	293,953.85		293,953.85
Other Tangible Water Capital	830.00		830.00
Fence	7,671.42		7,671.42
Alarm System at Plant	1,506.62		1,506.62
Heating System	6,542.21		6,542.21
Office Machine	4,212.80		4,212.80
Automotive Equipment	3,595.31		3,595.31
Plant Automation	4,896.75		4,896.75
Water Chlorination Facilities	24,098.20		24,098.20
Replacement of Standpipe No 1	90,455.00		90,455.00
Low Water Main and Stabilize Banks of Day's Brook	3,756.88		3,756.88
Pick-up Trucks	59,223.27		59,223.27
Utility Truck	14,300.14		14,300.14
Preparation of Water Master Plan	4,000.00		4,000.00
Hydraulic Pavement Breaker	7,308.60		7,308.60
Computer Equipment	27,817.44		27,817.44
Hydraulic Boring Tool	6,847.02		6,847.02
Leak Detection Equipment	3,467.02		3,467.02
Storage Building	7,993.86		7,993.86
Emergency Repairs to Well # 2	30,000.00		30,000.00
Purchase Valve Replacements	2,744.89		2,744.89
Water System Inter-Connection Upgrade	9,908.25		9,908.25
Improvement of Garage	8,425.00		8,425.00
Communication Systems Upgrade	3,000.00		3,000.00
Clorination Equipment	21,581.90		21,581.90
Water Metering Upgrade	11,472.00		11,472.00

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2019	Transfer from Fixed Capital Authorized and Uncompleted	Balance Dec. 31, 2020
Well Housing Improvements	\$ 22,599.03		\$ 22,599.03
Tractor and Backhoe	19,333.12		19,333.12
Storage Tank Inspection	12,528.45		12,528.45
Improvements to Property-Paving	24,000.00		24,000.00
Electrical Improvements	6,500.00		6,500.00
Water Meters and Backhoe	89,000.00		89,000.00
Water Mains and Well #1 Rehabilitation	138,500.00		138,500.00
Improvements of Offices	74,756.50		74,756.50
Meter Reading Equipment	41,891.91		41,891.91
New Automotive Vehicle	28,325.33		28,325.33
Various Purchases	154,220.54	\$ 52,912.71	207,133.25
Bond Issuance Costs	5,000.00		5,000.00
	<u>\$ 6,820,501.08</u>	<u>\$ 52,912.71</u>	<u>\$ 6,873,413.79</u>

Ref.

D

D

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2019	Costs to Fixed Capital	Balance Dec. 31, 2020
		Date	Amount			
09-05	Various purchases and Improvements	04/27/09	\$ 201,056.00	\$ 52,912.71	\$ 52,912.71	
10-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	05/10/10	236,100.00	236,034.54		236,034.54
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	06/13/11	159,135.00	159,133.25		159,133.25
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	03/25/13	201,056.00	202,849.28		202,849.28
14-05	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/28/14	201,056.00	115,815.97		115,815.97
15-06	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/27/15	201,056.00	187,349.18		187,349.18
15-10	Various Purchases and Improvements	09/14/15	170,000.00	170,000.00		170,000.00
16-03	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/25/16	195,700.00	195,700.00		195,700.00
16-10	Various Improvements	09/26/16	347,000.00	347,000.00		347,000.00
17-02	Various Improvements	02/13/17	151,000.00	151,000.00		151,000.00
18-03	Various Improvements	03/12/18	430,000.00	430,000.00		430,000.00
19-08	Various Improvements and Acquisitions	04/22/19	195,000.00	195,000.00		195,000.00
				<u>\$ 2,442,794.93</u>	<u>\$ 52,912.71</u>	<u>\$ 2,389,882.22</u>
				<u>Ref.</u>	D	D

BOROUGH OF CHATHAM  
WATER UTILITY OPERATING FUND  
SCHEDULE OF 2019 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER, 31 2020

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 23,611.21	\$ 23,611.21		\$ 23,611.21
Other Expenses	39,016.66	39,016.66	\$ 15,164.37	23,852.29
	\$ 62,627.87	\$ 62,627.87	\$ 15,164.37	\$ 47,463.50

Ref.

Analysis of Balance December 31, 2019:

Appropriation Reserves:			
Unencumbered	D	\$	46,092.43
Encumbered	D		16,535.44
		\$	62,627.87

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2019		Paid or Charged	Balance Dec. 31, 2020	
		Date	Amount	Funded	Unfunded		Funded	Unfunded
09-05	Various Purchases and Improvements	04/27/09	\$ 54,475.00	\$ 7,308.73		\$ 7,308.73		
10-13	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	05/10/10	236,100.00	266.21			\$ 266.21	
11-13	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	06/13/11	159,135.00		\$ 715.38		715.38	
13-08	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	03/25/13	305,000.00	67.09			67.09	
14-05	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/28/14	119,000.00	12,008.08		3,365.01	8,643.07	
15-06	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/27/15	191,000.00	20,763.99			20,763.99	
15-10	Various Purchases and Improvements	09/14/15	170,000.00		61,551.46	48,204.81		\$ 13,346.65
16-03	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/25/16	195,700.00	29,674.55		546.75	29,127.80	
16-10	Various Improvements	09/26/16	347,000.00	169,717.13		26,887.26	142,829.87	
17-02	Various Improvements	02/13/17	151,000.00	7,836.16		42.02	7,794.14	
18-03	Various Improvements	03/12/18	430,000.00		177,617.63	1,362.87		176,254.76
19-08	Various Improvements and Acquisitions	04/22/19	195,000.00	109,940.14		72,458.00	37,482.14	
				<u>\$ 357,582.08</u>	<u>\$ 239,884.47</u>	<u>\$ 160,175.45</u>	<u>\$ 247,689.69</u>	<u>\$ 189,601.41</u>
				<u>Ref.</u>	D	D	D	D

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 175,337.02
Increased by:		
2020 Budget Appropriation		<u>5,000.00</u>
Balance December 31, 2020	D	<u>\$ 180,337.02</u>

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 6,062,451.05
Increased by:		
Transfer from Deferred Reserve for Amortization		\$ 54,501.17
Serial Bonds Retired		<u>305,000.00</u>
		<u>359,501.17</u>
Balance December 31, 2020	D	<u>\$ 6,421,952.22</u>

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Ord. Date	Balance Dec. 31, 2019	Paid by Budget Appropriation	Transfer to Reserve for Amortization	Balance Dec. 31, 2020
09-05	Various purchases and Improvements	04/27/09	\$ 54,475.00		\$ 54,475.00	
10-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	05/10/10	11,734.54			11,734.54
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	06/13/11	7,635.00	\$ 978.25		8,613.25
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	03/25/13	21,411.00			21,411.00
14-05	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/28/14	5,700.00			5,700.00
15-06	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/27/15	9,550.00			9,550.00
15-10	Various Purchases and Improvements	09/14/15	8,500.00	11,500.00		20,000.00
16-03	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/08/16	9,785.00			9,785.00
04-10	Various Improvements: Replacement of Water Main (Main St) Automotive Vehicle	08/12/16		26.17	26.17	
16-10	Various Improvements	08/12/16	347,000.00			347,000.00
17-02	Various Improvements	02/13/17	7,550.00			7,550.00
18-03	Various Improvements	03/12/18	31,500.00	40,500.00		72,000.00
19-08	Various Improvements and Acquisitions	04/22/19	195,000.00			195,000.00
			<u>\$ 709,840.54</u>	<u>\$ 53,004.42</u>	<u>\$ 54,501.17</u>	<u>\$ 708,343.79</u>
		<u>Ref.</u>	D			D

BOROUGH OF CHATHAM  
 WATER UTILITY CAPITAL FUND  
 SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2019	Issued	Matured	Balance Dec. 31, 2020
		Issue of Original Note	Issue	Maturity					
18-03	Various Improvements	05/24/2018	5/24/2019 5/22/2020	5/24/2020 5/21/2021	2.50% 1.09%	\$ 398,500.00	\$ 358,000.00	\$ 398,500.00	\$ 358,000.00
						<u>\$ 398,500.00</u>	<u>\$ 358,000.00</u>	<u>\$ 398,500.00</u>	<u>\$ 358,000.00</u>
					<u>Ref.</u>	D			D
						Renewals \$ 398,500.00	\$ 358,000.00		
						Paid By Budget Appropriation	<u>40,500.00</u>		
							<u>\$ 398,500.00</u>	<u>\$ 398,500.00</u>	

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Matured	Balance Dec. 31, 2020
			Date	Amount				
Water Bonds	8/1/02	\$ 1,274,000.00	8/1/2021	\$ 85,000.00	4.625%	\$ 254,000.00	\$ 80,000.00	\$ 174,000.00
			8/1/2022	89,000.00	4.750%			
Water Bonds	8/15/11	916,000.00	8/15/2021	90,000.00	2.375%	366,000.00	90,000.00	276,000.00
			8/15/2022	90,000.00	2.500%			
			8/15/2023	96,000.00	2.500%			
Water Bonds Refunding Series 2016	11/23/16	600,000.00	12/15/2021	60,000.00	1.370%	405,000.00	65,000.00	340,000.00
			12/15/2022	60,000.00	1.370%			
			12/15/2023	60,000.00	1.370%			
			12/15/2024	55,000.00	1.370%			
			12/15/2025	55,000.00	1.370%			
			12/15/2026	50,000.00	1.370%			
Water Bonds	4/1/17	1,020,000.00	4/1/2021	75,000.00	2.000%	905,000.00	70,000.00	835,000.00
			4/1/2022	80,000.00	2.000%			
			4/1/2023	85,000.00	2.000%			
			4/1/2024	85,000.00	2.000%			
			4/1/2025	85,000.00	2.000%			
			4/1/2026	95,000.00	2.125%			
			4/1/2027	110,000.00	2.250%			
			4/1/2028	110,000.00	2.250%			
			4/1/2029	110,000.00	3.000%			
<u>Ref.</u>						D		D

BOROUGH OF CHATHAM  
WATER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2020

Ord. No.	Improvement Description	Balance Dec. 31, 2019	Budget Appropriation	Balance Dec. 31, 2020
04-10	Various Improvements: Replacement of Water Main (Main St) Automotive Vehicle	\$ 26.17	\$ 26.17	
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	978.25	978.25	
15-10	Various Purchases and Improvements	161,500.00	11,500.00	\$ 150,000.00
		\$ 162,504.42	\$ 12,504.42	\$ 150,000.00

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
SOLID WASTE UTILITY FUND

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2019	E	\$ 383,665.20
Increased by Receipts:		
Solid Waste Collector	\$ 675,633.46	
Miscellaneous Revenue	5,088.31	
		<u>680,721.77</u>
		1,064,386.97
Decreased by Disbursements:		
2020 Appropriation Expenditures	691,591.88	
2019 Appropriation Reserve Expenditures	109.55	
Solid Waste Overpayments	245.00	
Due Water Utility Operating Fund:		
Interfund Returned	143.03	
Due Current Fund:		
Interfund Returned	54,953.28	
		<u>747,042.74</u>
Balance December 31, 2020	E	<u>\$ 317,344.23</u>

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2020

## Increased by Receipts:

Consumer Accounts Receivable:

Solid Waste User Fees

\$ 672,980.37

Solid Waste User Fee Overpayments

2,653.09

Consumer Accounts Receivable:

Solid Waste User Fees

\$ 675,633.46

## Decreased by:

Paid to Treasurer

\$ 675,633.46

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 11,878.21
Increased by:		
Billings		<u>677,432.36</u>
		689,310.57
Decreased by:		
Collections		<u>672,980.37</u>
Balance December 31, 2020	E	<u><u>\$ 16,330.20</u></u>

BOROUGH OF CHATHAM  
SOLID WASTE UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2019	Balance Dec. 31, 2020
Solid Waste Utility Improvements	\$ 18,000.00	\$ 18,000.00
<u>Ref.</u>	E	E



BOROUGH OF CHATHAM  
SOLID WASTE UTILITY CAPITAL FUNE  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2019	E	<u>\$ 18,000.00</u>
Balance December 31, 2020	E	<u><u>\$ 18,000.00</u></u>

BOROUGH OF CHATHAM  
COUNTY OF MORRIS  
2020  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF CHATHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2020

BOROUGH OF CHATHAM  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2020

Name of Federal Agency or Department	C.F.D.A. Number	State Pass-Through Entity ID #	Federal Program	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	MEMO	Amounts Provided to Subrecipients
				From	To				Cumulative Total Expenditures	
U.S. Department of Treasury (Pass Through New Jersey Department of Community of Affairs)	21.019	100-022-8030 686-049690	COVID-19 - Coronavirus Relief Fund- Local Government Emergency Fund	3/1/2020	12/31/2020	\$ 66,109.30	\$ 66,109.30	\$ 66,109.30	\$ 66,109.30	
Total Department of Treasury							66,109.30	66,109.30	66,109.30	
U.S. Department of Homeland Security: Passed Through NJ Department of Law and Public Safety	20.616	N/A	National Priority Safety Program	3/24/2020	12/31/2020	4,977.50	4,977.50			
Total US Department of Homeland Security							4,977.50			
<b>TOTAL FEDERAL AWARDS</b>							<b>\$ 71,086.80</b>	<b>\$ 66,109.30</b>	<b>\$ 66,109.30</b>	<b>\$ -0-</b>

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF CHATHAM  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2020

Name of State Agency or Department	Name of Program	State Program Account Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	MEMO
			From	To				Cumulative Total Expenditures
Department of Transportation	Department of Transportation Grant 2018	6320-480-078-6320-606	1/1/2019	12/31/2021	\$ 138,750.00	\$ 138,750.00		
Total Department of Transportation						138,750.00		
Department of Law and Public Safety	Drunk Driving Enforcement Fund	100-066-1110- 260-YYYY	1/1/15	12/31/21	5,719.05		\$ 659.00	\$ 5,719.05
	Body Armor Replacement Fund	718-066-1020- 001-090160	1/1/20	12/31/21	2,178.69	2,178.69		
Total Department of Law and Public Safety						2,178.69	659.00	5,719.05
Department of Environmental Protection	Clean Communities Program	765-042-4900- 004-178910	1/1/18	12/31/21	17,437.99		7,799.41	17,089.34
			1/1/19	12/31/21	15,723.17	15,723.17		
Total Department of Environmental Protection						15,723.17	7,799.41	17,089.34
Department of the Treasury: Passed Through County of Morris: Governor's Council on Alcoholism and Drug Abuse	Municipal Alliance to Prevent Alcoholism and Drug Abuse	100-082-2000- 044-995120	1/1/20	12/31/21		500.12		
Total Department of the Treasury						500.12		
TOTAL STATE AWARDS						\$ 157,151.98	\$ 8,458.41	\$ 22,808.39

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF CHATHAM  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2020

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") include the federal and state grant activity of the Borough of Chatham under programs of the federal and state governments for the year ended December 31, 2020. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough of Chatham, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough of Chatham.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying Schedules of Expenditures of Federal and State Awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

D. N.J ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

At December 31, 2020, the Borough has \$1,394,610.47 of N.J. Environmental Infrastructure Trust and Fund Loans Payable and \$2,730,000 of N.J. Environmental Infrastructure Trust Construction Loan Payable outstanding which are recorded in the General Capital Fund.

The loan agreements were obtained to finance sanitary sewer relining and pipe replacement and to finance a portion of the cost improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility. Even though the Borough is responsible for the repayment of the loans, the Borough does not receive or expend any of the loan funds. The Madison-Chatham Joint Meeting is responsible for the draw downs and expenditure of loan funds.

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Chatham  
Chatham, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, 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, the financial statements – *regulatory basis* - of the various funds of the Borough of Chatham, in the County of Morris (the "Borough") as of, and for the years ended, December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 4, 2021. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) 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 the Borough's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Borough'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 the 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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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

Mount Arlington, New Jersey  
June 4, 2021

NISIVOCCIA LLP

*Francis Jones of Nisivoccia LLP*

Francis Jones  
Certified Public Accountant  
Registered Municipal Accountant No. 442

BOROUGH OF CHATHAM  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no significant deficiencies, or material weaknesses disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2020 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Circulars.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the Single Audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the Single Audit threshold.

BOROUGH OF CHATHAM  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

There were no prior audit findings.

BOROUGH OF CHATHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

BOROUGH OF CHATHAM  
COMMENTS AND RECOMMENDATIONS

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

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

a. " When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to Subsection b. of Section 9 of P.L. 1971, C.198 (N.J.S.A. 40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, C.198 (N.J.S.A. 40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, C.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, C.198 (N.J.S.A. 40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

N.J.S.A. 40A: 11-4 states: "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body and subject to subsections b. and c. of this section, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

Effective July 1, 2015 through June 30, 2020, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$40,000 for a contracting unit with a qualified purchasing agent. Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

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

The minutes indicated that bids were requested by public advertising per N.J.S.A. 40A:11-4. The minutes also indicated that resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" and "Extraordinary Unspecifiable Services" per N.J.S.A. 40A:11-5.

BOROUGH OF CHATHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

On January 6, 2020, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

"BE IT RESOLVED, by the Mayor and Council of the Borough of Chatham that pursuant to N.J.S.A. 54:4-67 the rate of interest on delinquent taxes and installments of assessments for local improvements shall be eight (8%) percent per annum of the first \$1,500.00 and eighteen (18%) percent per annum on any amounts in excess of \$1,500.00, and additional six (6%) percent per annum for those properties whose delinquency of taxes equals or exceeds \$10,000.00, except that the Tax Collector is hereby authorized to waive the collection of interest for a period not exceeding ten calendar days after the due date for the current year taxes in each quarter, i.e., February first, May first, August first, and November first.

BE IT FURTHER RESOLVED, that there will be a \$5.00 charge for a duplicate copy of a property tax bill."

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

Delinquent Taxes and Tax Title Liens

A tax sale was held on December 7, 2020.

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

<u>Year</u>	<u>Number of Liens</u>
2020	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 taxpaying basis.

BOROUGH OF CHATHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Municipal Court

Effective January 2011, the Borough of Chatham Municipal Court was combined with the Madison Borough Municipal Court as a Joint Municipal Court.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. Fixed asset accounting and reporting system.
3. General ledger accounting system.

The Borough is in compliance with these requirements.

Fixed Assets:

During the prior year the Borough engaged a fixed asset appraisal company to provide the Borough with a listing of fixed assets at historical cost as per state statute. It was noted during our review of the listing that land and building values were reported at current assessed value. It was also noted that the Borough did not record additions or disposals of fixed assets in the current year. It is recommended that the fixed asset appraisal company provide the Borough with an appraisal report in accordance with state accounting requirements and the Borough record fixed asset additions and deletions.

Management Response:

Management will have the appraisal company provide an updated report with all land and buildings valued at historical cost in accordance with state accounting requirements and will record fixed assets additions and deletions.

Overpayments

During our review of the tax collectors records it was noted that a large number of unclaimed tax overpayments do not appear in the Borough's accounting records. A separate analysis was prepared; however, the analysis does not agree to the Borough's records. It is recommended that the Borough's accounting records agree to all underlying analyses for tax overpayments.

Management Response:

Management will provide an analysis of tax overpayments that agrees to the underlying analysis provided by the tax collector.

BOROUGH OF CHATHAM  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Confirming Orders

During our review of purchase orders, several instances were noted where purchases were made prior to the preparation and approval of purchase orders. It is recommended that the purchase orders are authorized and follow the proper procedure before making a purchase.

Management Response:

Management will ensure that the purchase orders are authorized and follow the proper procedure before making a purchase.

Management Suggestions:

Grants

There are a number of appropriated grants with balances in the Federal and State Grant Fund. We suggest that the Borough review these grant balances for continued recognition.

Capital Balances

There are a number of older balances in the Capital Funds of the Borough. We suggest that the Borough review the various balances in the Capital Funds and take appropriate action as necessary.

Effect on Internal Controls due to COVID-19

With the increased ability for certain work functions to be done remotely and the increased use of electronic payments and processes, it is suggested that the Borough routinely reviews the internal controls in place especially with respect to security of passwords as well as access rights to accounting software and bank information including bank wire transfers and the timely back-up of records.

Sick and Vacation Leave

It is suggested that the Borough consult with its attorney to ensure that its negotiated labor contracts, individual employee agreements and employee policies, as applicable, are in accordance with New Jersey statutes regarding unused sick and vacation leave.

Corrective Action Plan

The Borough has initiated a corrective action plan to resolve comments and recommendations from the 2019 audit report. The prior year recommendation related to fixed assets has not been resolved but the prior year recommendation related to appropriation ledgers has been resolved.

BOROUGH OF CHATHAM  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. The Borough's accounting records agree to all underlying analyses for tax overpayments.
2. That the fixed asset appraisal company provide the Borough with an appraisal report in accordance with state accounting requirements and the Borough record fixed asset additions and deletions.
3. That the purchase orders are authorized and follow the proper procedure before making a purchase.

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