

BOROUGH OF CHESTER
COUNTY OF MORRIS
REPORT OF AUDIT
2020

NISIVOCCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF CHESTER

COUNTY OF MORRIS

REPORT OF AUDIT

2020

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BOROUGH OF CHESTER

PART I

INDEPENDENT AUDITORS' REPORT

AND FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2020

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements - *regulatory basis* - of the various funds of the Borough of Chester, 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, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

The Honorable Mayor and Members
of the Borough Council
Borough of Chester
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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 in 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, or the changes in financial position, or where applicable, cash flows thereof for the years then ended.

Qualified 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 of Chester 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 Chester
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 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 3, 2021

Nisivoccia LLP
NISIVOCCIA LLP

Heidi A. Wohlleb
Heidi A. Wohlleb
Registered Municipal Accountant No. 481
Certified Public Accountant

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
CURRENT FUND

BOROUGH OF CHESTER
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,159,081.10	\$ 2,660,944.67
Change Fund		100.00	100.00
		<u>3,159,181.10</u>	<u>2,661,044.67</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	49,096.12	219,819.93
Property Acquired for Taxes at Assessed Valuation		181,200.00	181,200.00
Revenue Accounts Receivable	A-9	442.14	1,875.23
Due from Animal Control Trust Fund	B	30,782.37	1,226.18
Due from General Capital Fund	C	38.13	1,180.35
Due from Payroll Account		54,688.38	
Total Receivables and Other Assets With Full Reserves		<u>316,247.14</u>	<u>405,301.69</u>
Total Regular Fund		<u>3,475,428.24</u>	<u>3,066,346.36</u>
Federal and State Grant Fund:			
Grants Receivable	A-14	39,096.04	39,096.04
Due from Current Fund	A	62,178.61	59,178.61
Total Federal and State Grant Fund		<u>101,274.65</u>	<u>98,274.65</u>
<u>TOTAL ASSETS</u>		<u><u>\$ 3,576,702.89</u></u>	<u><u>\$ 3,164,621.01</u></u>

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

		December 31,	
	Ref.	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 32,730.36	\$ 17,162.90
Unencumbered	A-3;A-11	719,753.10	374,036.48
		<u>752,483.46</u>	<u>391,199.38</u>
Prepaid Taxes		97,860.27	76,527.33
Tax Overpayments		5,209.36	5,209.36
County Taxes Payable		1,034.62	
Due to State of New Jersey:			
Marriage License Fees		75.00	25.00
Department of Community Affairs Training Fees		9,684.30	8,006.30
Veteran and Senior Citizens Deductions		189.99	189.99
Due to Federal and State Grant Fund	A	62,178.61	59,178.61
Due to Other Trust Funds	B	319,663.09	238,705.47
Due to Sewer Utility Operating Fund	D		600.00
Due to Solid Waste Utility Operating Fund	E	34.65	740.87
Reserve For Fire Prevention Penalties		385.00	385.00
		<u>1,248,798.35</u>	<u>780,767.31</u>
Reserve for Receivables and Other Assets	A	316,247.14	405,301.69
Fund Balance	A-1	1,910,382.75	1,880,277.36
		<u>3,475,428.24</u>	<u>3,066,346.36</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves	A-16	97,274.65	98,201.42
Unappropriated Reserves	A-15	4,000.00	73.23
		<u>101,274.65</u>	<u>98,274.65</u>
Total Federal and State Grant Fund			
		<u>101,274.65</u>	<u>98,274.65</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$3,576,702.89</u>	<u>\$3,164,621.01</u>

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

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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 656,000.00	\$ 406,000.00
Miscellaneous Revenue Anticipated		548,778.10	732,775.40
Receipts from:			
Delinquent Taxes		219,819.93	145,769.26
Current Taxes		10,871,313.38	10,363,630.77
Nonbudget Revenue		35,268.43	183,929.02
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		327,459.97	321,407.58
Tax Overpayments Cancelled			1,742.30
Prior Year Interfunds Returned		2,406.53	19,527.74
Total Income		<u>12,661,046.34</u>	<u>12,174,782.07</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		4,776,796.48	4,476,563.26
County Taxes		1,027,354.08	1,012,471.16
Local School District Taxes		3,814,899.00	3,659,593.00
Regional School District Taxes		2,210,096.00	2,103,650.00
Municipal Open Space Taxes		40,406.12	39,868.27
Interfunds Advanced		85,508.88	2,406.53
Refund of Prior Year Revenue		19,880.39	26,137.53
Total Expenditures		<u>11,974,940.95</u>	<u>11,320,689.75</u>
Excess in Revenue		686,105.39	854,092.32
<u>Fund Balance</u>			
Balance January 1		<u>1,880,277.36</u>	<u>1,432,185.04</u>
		2,566,382.75	2,286,277.36
Decreased by:			
Utilized as Anticipated Revenue		<u>656,000.00</u>	<u>406,000.00</u>
Balance December 31	A	<u><u>\$ 1,910,382.75</u></u>	<u><u>\$ 1,880,277.36</u></u>

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

BOROUGH OF CHESTERCURRENT FUNDSTATEMENT OF REVENUE - REGULATORY BASISYEAR ENDED DECEMBER 31, 2020

	Budget	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 656,000.00	\$ 656,000.00	
Miscellaneous Revenue:			
Alcoholic Beverage Licenses	12,500.00	10,150.00	\$ 2,350.00 *
Other Licenses	7,000.00	7,050.00	50.00
Municipal Court - Fines and Costs	34,000.00	13,180.14	20,819.86 *
Interest and Costs on Taxes	37,000.00	41,424.93	4,424.93
Interest on Investments	30,000.00	16,280.12	13,719.88 *
Board of Health Fees	21,500.00	17,645.00	3,855.00 *
Fire Prevention Fees	500.00	130.00	370.00 *
Payments in Lieu of Taxes - Robert Cole Apartments	25,000.00	29,050.05	4,050.05
Rental - School Board	77,000.00	74,780.00	2,220.00 *
Windy Acres Pad Rental	7,000.00	7,080.00	80.00
Antenna Rental	35,000.00	39,277.45	4,277.45
Energy Receipts Taxes	146,071.00	146,071.01	0.01
Uniform Construction Code Fees	65,000.00	55,627.00	9,373.00 *
Chester Township Recreation	35,000.00	30,959.17	4,040.83 *
Reserve for Alcohol Education and Rehabilitation Fund	73.23	73.23	
Sewer Operating Utility Surplus Anticipated	60,000.00	60,000.00	
	<u>592,644.23</u>	<u>548,778.10</u>	<u>43,866.13 *</u>

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

	Budget	Realized	Excess or Deficit *
Receipts from Delinquent Taxes			
Amount to be Raised by Taxes for Support of Municipal Budget:			
Local Tax for Municipal Purposes	3,686,144.13	4,059,644.91	373,500.78
Minimum Library Tax	130,913.27	130,913.27	
Total Amount to be Raised by Taxes for Support of Municipal Budget	3,817,057.40	4,190,558.18	373,500.78
Budget Totals	5,195,701.63	5,615,156.21	419,454.58
Nonbudget Revenue		35,268.43	35,268.43
	<u>\$ 5,195,701.63</u>	<u>\$ 5,650,424.64</u>	<u>\$ 454,723.01</u>

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

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 10,871,313.38
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Allocated to:

Local School District Taxes	\$ 3,814,899.00
Regional School District Taxes	2,210,096.00
Municipal Open Space Taxes	40,406.12
County of Morris Taxes	<u>1,027,354.08</u>

7,092,755.20

Balance for Support of Municipal Budget	<u>3,778,558.18</u>
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Add: Appropriation "Reserve for Uncollected Taxes"	<u>412,000.00</u>
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Realized for Support of Municipal Budget	<u><u>\$ 4,190,558.18</u></u>
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Interest on Investments:

Collected by Treasurer	\$ 16,055.77
Due from Other Trust Funds	186.22
Due from General Capital Fund	<u>38.13</u>

Total Interest on Investments	<u><u>\$ 16,280.12</u></u>
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BOROUGH OF CHESTER
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020
(Continued)

Analysis of Nonbudget Revenue:

Treasurer:

Recycling Fees	\$ 4,574.15
Insurance Reimbursement/Refunds	1,195.56
Fees - Including Clerk Fees	11,612.08
Zoning Permits	1,452.54
Cable TV Franchise Fee	2,357.89
Senior Citizens and Veterans Deductions Administration Fee	200.00
Escrow Application Fees	8,350.00
Tax Assessor	40.00
Other Miscellaneous	<u>5,486.21</u>

\$ 35,268.43

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

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 68,645.00	\$ 78,645.00	\$ 77,802.89	\$ 842.11	
Other Expenses	20,600.00	20,600.00	6,238.37	14,361.63	
Mayor and Council:					
Salaries & Wages	32,000.00	32,000.00	29,355.50	2,644.50	
Other Expenses	6,880.00	6,880.00	941.43	5,938.57	
Municipal Clerk:					
Salaries & Wages	105,500.00	105,500.00	95,180.23	10,319.77	
Other Expenses	21,000.00	21,000.00	15,474.02	5,525.98	
Financial Administration:					
Salaries & Wages	75,000.00	75,000.00	61,906.36	13,093.64	
Other Expenses	11,400.00	11,400.00	2,311.39	9,088.61	
Annual Audit	22,660.00	22,660.00	3,000.00	19,660.00	
Collection of Taxes:					
Salaries & Wages	40,000.00	40,000.00	29,942.83	10,057.17	
Other Expenses	12,900.00	12,900.00	12,899.72	0.28	
Assessment of Taxes:					
Salaries & Wages	30,000.00	30,000.00	29,866.85	133.15	
Other Expenses	6,450.00	6,450.00	6,449.04	0.96	
Legal Services and Costs:					
Other Expenses - Fees	132,000.00	132,000.00	81,243.50	50,756.50	
Engineering Services and Costs:					
Other Expenses	24,000.00	14,000.00		14,000.00	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (continued):					
General Services:					
Other Expenses	\$ 52,600.00	\$ 52,600.00	\$ 35,736.91	\$ 16,863.09	
LAND ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	12,000.00	12,000.00	11,999.58	0.42	
Other Expenses	33,400.00	33,400.00	15,703.42	17,696.58	
Zoning Officer and Costs:					
Salaries & Wages	51,000.00	51,000.00	50,109.20	890.80	
Other Expenses	1,200.00	1,200.00	470.75	729.25	
Environmental Commission:					
Other Expenses	1,000.00	1,000.00		1,000.00	
Insurance (P.L. 2003, C.92):					
Liability Insurance	65,060.00	65,060.00	27,771.38	37,288.62	
Group Insurance for Employees	614,400.00	569,400.00	319,528.24	249,871.76	
Health Benefit Waivers	10,000.00	10,000.00		10,000.00	
PUBLIC SAFETY:					
Police:					
Other Expenses	1,189,227.00	1,189,227.00	1,189,227.00		
Police Dispatch/911	80,000.00	80,000.00	76,160.25	3,839.75	

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

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY:					
Emergency Management Services:					
Salaries & Wages	\$ 3,427.00	\$ 3,427.00	\$ 3,392.54	\$ 34.46	
Other Expenses	4,000.00	4,000.00	249.15	3,750.85	
Aid to Volunteer Fire Company:					
Other Expenses	45,951.00	70,951.00	45,302.28	25,648.72	
Aid to Volunteer Ambulance Companies:					
Other Expenses	22,000.00	22,000.00		22,000.00	
Fire Prevention:					
Other Expenses	900.00	900.00		900.00	
PUBLIC WORKS:					
Road Repair and Maintenance:					
Salaries and Wages	300,000.00	320,000.00	306,011.68	13,988.32	
Other Expenses	119,000.00	119,000.00	67,785.60	51,214.40	
Traffic Light:					
Other Expenses	5,000.00	5,000.00	2,736.90	2,263.10	
Shade Tree Commission :					
Other Expenses	18,150.00	18,150.00	9,021.99	9,128.01	
Public Building and Grounds:					
Other Expenses	70,500.00	70,500.00	67,495.14	3,004.86	
Vehicle Maintenance:					
Other Expenses	14,000.00	14,000.00	12,959.20	1,040.80	
Community Services Act - Condo Costs:					
Kelly Bill - Chester Towne	400.00	400.00		400.00	

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

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS" (Continued):					
HEALTH AND HUMAN SERVICES:					
Board of Health:					
Salaries & Wages	\$ 21,500.00	\$ 21,500.00	\$ 21,500.00		
Other Expenses	44,121.13	44,121.13	41,806.08	\$ 2,315.05	
Senior Citizen Transportation	15,000.00	15,000.00	4,249.33	10,750.67	
PARK AND RECREATION:					
Recreation Committee:					
Salaries & Wages	25,000.00	25,000.00	10,013.88	14,986.12	
Other Expenses	16,300.00	16,300.00	11,244.91	5,055.09	
OTHER COMMON OPERATING FUNCTIONS:					
Accumulated Leave Compensation:					
Salaries & Wages	6,000.00	6,000.00	6,000.00		
Celebration of Public Events:					
Other Expenses	10,000.00	10,000.00	6,509.04	3,490.96	
UNCLASSIFIED:					
Utilities	95,500.00	95,500.00	54,285.11	41,214.89	
Fire Hydrant	41,000.00	41,000.00	36,068.52	4,931.48	
UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code:					
Construction Official:					
Salaries & Wages	45,000.00	45,000.00	44,999.15	0.85	
Other Expenses	11,500.00	11,500.00	6,375.72	5,124.28	
Total Operations Within "CAPS"	3,653,171.13	3,653,171.13	2,937,325.08	715,846.05	

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

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Within "CAPS" (Continued):					
Contingent	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00		
Total Operations including Contingent within "CAPS"	3,663,171.13	3,663,171.13	2,947,325.08	\$ 715,846.05	
Detail:					
Salaries & Wages	825,072.00	855,072.00	778,080.69	76,991.31	
Other Expenses	2,838,099.13	2,808,099.13	2,169,244.39	638,854.74	
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	75,404.00	75,404.00	75,404.00		
Social Security System (O.A.S.I.)	66,950.00	66,950.00	66,949.82	0.18	
Defined Contribution Retirement Program	2,500.00	2,500.00		2,500.00	
Unemployment Insurance	2,000.00	2,000.00	2,000.00		
Total Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"	146,854.00	146,854.00	144,353.82	2,500.18	
Total General Appropriations for Municipal Purposes					
Within "CAPS"	3,810,025.13	3,810,025.13	3,091,678.90	718,346.23	
Operations Excluded from "CAPS":					
Aid to Library Proportionate Share (N.J.S.A. 40:54-35)	130,913.27	130,913.27	130,913.00	0.27	

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

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Operations Excluded from "CAPS" (Cont'd):					
Length of Service Awards Program	\$ 18,000.00	\$ 18,000.00	\$ 16,593.40	\$ 1,406.60	
Shared Service Agreements:					
Chester Township - Court	58,274.00	58,274.00	58,274.00		
Chester Township - Recreation	35,000.00	35,000.00	29,159.17		\$ 5,840.83
State and Federal Programs Offset by Revenues:					
Reserve for Alcohol Education & Rehabilitation Fund	73.23	73.23	73.23		
Total Operations Excluded from "CAPS"	242,260.50	242,260.50	235,012.80	1,406.87	5,840.83
Detail:					
Other Expenses	242,260.50	242,260.50	235,012.80	1,406.87	5,840.83
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	150,000.00	150,000.00	150,000.00		
Total Capital Improvements - Excluded from "CAPS"	150,000.00	150,000.00	150,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	210,000.00	210,000.00	210,000.00		
Payment of Bond Anticipation Notes and Capital Notes	262,000.00	262,000.00	262,000.00		
Interest on Notes	12,666.00	12,666.00	12,666.00		
Interest on Bonds	96,750.00	96,750.00	95,685.68		1,064.32
Total Municipal Debt Service - Excluded from "CAPS"	581,416.00	581,416.00	580,351.68		1,064.32

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

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Cancelled
Total General Appropriations - Excluded from "CAPS"	\$ 973,676.50	\$ 973,676.50	\$ 965,364.48	\$ 1,406.87	\$ 6,905.15
Subtotal General Appropriations	4,783,701.63	4,783,701.63	4,057,043.38	719,753.10	6,905.15
Reserve for Uncollected Taxes	412,000.00	412,000.00	412,000.00		
Total General Appropriations	\$ 5,195,701.63	\$ 5,195,701.63	\$ 4,469,043.38	\$ 719,753.10	\$ 6,905.15
<u>Ref.</u>				A	

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

	<u>Ref.</u>	Analysis of:	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		<u>\$ 5,195,701.63</u>	
Reserve for Uncollected Taxes			\$ 412,000.00
Reserve for Encumbrances	A		32,730.36
Due to Federal and State Grant Fund			73.23
Cash Disbursed			<u>4,123,506.30</u>
			4,568,309.89
Less: Appropriation Refunds - Due from Payroll Account			64,688.38
Less: Appropriation Refunds			<u>34,578.13</u>
			<u>\$ 4,469,043.38</u>

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

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
TRUST FUNDS

BOROUGH OF CHESTER
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 32,960.17	\$ 5,448.98
		<u>32,960.17</u>	<u>5,448.98</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	1,329,071.41	1,210,080.38
Due from Current Fund	A	319,663.09	238,705.47
		<u>1,648,734.50</u>	<u>1,448,785.85</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,681,694.67</u>	<u>\$ 1,454,234.83</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State of New Jersey		\$ 7.80	
Due to Current Fund	A	30,782.37	\$ 1,226.18
Reserve for Animal Control Expenditures	B-2	2,170.00	4,222.80
		<u>32,960.17</u>	<u>5,448.98</u>
Other Trust Funds:			
Reserve for Developers Escrow		256,074.61	183,730.22
Reserve for Open Space		383,655.91	384,476.21
Reserve for Planning and Zoning Development Fees		1,632.42	7,452.64
Reserve for Tax Sale Premiums		302,100.00	221,100.00
Reserve for Unemployment Compensation Insurance		16,582.20	16,014.57
Reserve for Accumulated Leave Compensation		29,603.27	20,601.85
Reserve for Parking Offenses Adjudication Act		476.00	476.00
Reserve for Recreation		96,900.15	108,180.69
Reserve for Larry Masey		2,360.49	2,350.89
Reserve for Housing Trust		519,426.70	478,967.92
Reserve for Public Defender		902.16	1,897.22
Reserve for Flexible Spending Account		455.96	53.08
Reserve for Storm Recovery		38,564.63	23,484.56
		<u>1,648,734.50</u>	<u>1,448,785.85</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,681,694.67</u>	<u>\$ 1,454,234.83</u>

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

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	December 31,	
		<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	C-2	\$ 959,334.22	\$ 875,901.80
Due from State of New Jersey:			
Department of Transportation Grant Receivable		184,167.22	49,383.25
Deferred Charges to Future Taxation:			
Unfunded	C-4	3,418,800.00	633,300.00
Funded		3,015,000.00	3,225,000.00
<u>TOTAL ASSETS</u>		<u>\$ 7,577,301.44</u>	<u>\$ 4,783,585.05</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-7	\$ 370,800.00	\$ 633,300.00
Serial Bonds Payable	C-8	3,015,000.00	3,225,000.00
Improvement Authorizations:			
Funded	C-5	644,618.16	381,752.36
Unfunded	C-5	3,026,388.08	341,559.89
Due to Current Fund	A	38.13	1,180.35
Capital Improvement Fund	C-6	253,176.67	115,676.67
Reserve for Green Acres Account		0.01	0.01
Reserve for Encumbrances	C-5	251,724.13	69,559.51
Fund Balance	C-1	15,556.26	15,556.26
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 7,577,301.44</u>	<u>\$ 4,783,585.05</u>

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

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

	<u>Ref.</u>		
Balance December 31, 2019	C	\$	15,556.26
Balance December 31, 2020	C	\$	<u>15,556.26</u>

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

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
SEWER UTILITY FUND

BOROUGH OF CHESTER
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 668,865.40	\$ 678,203.32
Due from Current Fund	A		600.00
Due from Sewer Utility Capital Fund	D	6,750.25	787.30
		<u>675,615.65</u>	<u>679,590.62</u>
Receivables with Full Reserve:			
Consumer Accounts Receivable:			
Sewer Rents	D-6	88,104.15	100,746.99
Significant User Fees	D-6	6,021.45	19,835.36
		<u>94,125.60</u>	<u>120,582.35</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserve		<u>8,188.78</u>	<u>8,188.78</u>
Total Operating Fund		<u>777,930.03</u>	<u>808,361.75</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	303,167.28	198,186.13
Fixed Capital	D-7	1,241,236.15	815,370.18
Fixed Capital Authorized and Uncompleted	D-8	2,064,000.00	2,389,865.97
Total Capital Fund		<u>3,608,403.43</u>	<u>3,403,422.28</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,386,333.46</u>	<u>\$ 4,211,784.03</u>

BOROUGH OF CHESTER
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	D-3	\$ 1,103.65	
Unencumbered	D-3;D-9	145,364.32	\$ 12,858.21
		146,467.97	12,858.21
Accounts Payable - Vendors		30,000.00	60,000.00
Sewer Rent Overpayments		200.00	201.16
Prepaid Sewer Rents		32.39	
Accrued Interest on Notes		539.00	
		177,239.36	73,059.37
Reserve for Receivables	D	94,125.60	120,582.35
Fund Balance	D-1	506,565.07	614,720.03
Total Operating Fund		777,930.03	808,361.75
Capital Fund:			
Bond Anticipation Notes Payable	D-14	280,000.00	
Improvement Authorizations:			
Funded	D-10	20,836.25	100,723.94
Unfunded	D-10	248,905.89	280,000.00
Due to Sewer Utility Operating Fund	D	6,750.25	787.30
Capital Improvement Fund	D-11	118,027.21	93,027.21
Deferred Reserve for Amortization	D-13	1,689,000.00	2,109,865.97
Reserve for Amortization	D-12	1,241,236.15	815,370.18
Reserve for Preliminary Expenses - Hydrogeological Study		2,985.68	2,985.68
Fund Balance	D-1A	662.00	662.00
Total Capital Fund		3,608,403.43	3,403,422.28
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>			
		\$ 4,386,333.46	\$ 4,211,784.03

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

BOROUGH OF CHESTER
SEWER UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	Year Ended December 31,	
Ref.	2020	2019
<u>Revenue and Other Income Realized</u>		
Surplus Anticipated	\$ 111,100.00	\$ 40,300.00
Sewer User Fees	348,640.27	280,930.38
Significant User Fees	58,109.83	97,080.55
Miscellaneous Revenue Not Anticipated	8,384.45	24,928.00
Other Credits to Income:		
Cancellation of Accounts Payable	30,000.00	30,000.00
Unexpended Balance of Appropriation Reserves	7,810.49	478.39
	<hr/>	<hr/>
Total Income	564,045.04	473,717.32
	<hr/>	<hr/>
<u>Expenditures</u>		
Budget Expenditures:		
Operating	469,300.00	433,500.00
Capital Improvements	30,000.00	30,000.00
Deferred Charges and Statutory Expenditures	1,800.00	1,800.00
Overexpenditure of Appropriation Reserve		8,188.78
	<hr/>	<hr/>
Total Expenditures	501,100.00	473,488.78
	<hr/>	<hr/>
Excess in Revenue	62,945.04	228.54
Adjustment to Excess in Revenue Before Fund Balance:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year:		
Overexpenditure of Appropriation Reserve		8,188.78
	<hr/>	<hr/>
Statutory Excess to Fund Balance	62,945.04	8,417.32
	<hr/>	<hr/>
<u>Fund Balance</u>		
Balance January 1	614,720.03	686,602.71
	<hr/>	<hr/>
Decreased by:	677,665.07	695,020.03
Utilized as Anticipated Revenue	111,100.00	40,300.00
Utilized as Anticipated Revenue - Current Fund	60,000.00	40,000.00
	<hr/>	<hr/>
Balance December 31	D \$ 506,565.07	\$ 614,720.03
	<hr/>	<hr/>

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

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
STATEMENT OF SEWER CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2019	D	<u>\$ 662.00</u>
Balance December 31, 2020	D	<u><u>\$ 662.00</u></u>

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

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 111,100.00	\$ 111,100.00	
Sewer User Fees	335,000.00	348,640.27	\$ 13,640.27
Significant User Fees	55,000.00	58,109.83	3,109.83
	<u>501,100.00</u>	<u>517,850.10</u>	<u>16,750.10</u>
Miscellaneous Revenue Not Anticipated		8,384.45	8,384.45
	<u>\$ 501,100.00</u>	<u>\$ 526,234.55</u>	<u>\$ 25,134.55</u>

Analysis of Sewer User Fees:

Cash Received	\$ 348,639.11
Overpayments Applied	<u>1.16</u>
	<u>\$ 348,640.27</u>

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:	
Other Miscellaneous	\$ 1,306.15
Interest on Investments	3,170.10
Interest on Penalties and Rents	<u>3,774.25</u>
	\$ 8,250.50
Due from Sewer Utility Capital Fund:	
Interest on Investments	<u>133.95</u>
	<u>\$ 8,384.45</u>

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

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

	Appropriations		Expended	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 18,000.00	\$ 18,000.00	\$ 16,338.16	\$ 1,661.84
Other Expenses	451,300.00	451,300.00	307,737.00	143,563.00
Capital Improvements:				
Capital Improvement Fund	30,000.00	30,000.00	30,000.00	
Statutory Expenditures:				
Contribution to Social Security System (O.A.S.I.)	1,800.00	1,800.00	1,660.52	139.48
	<u>\$ 501,100.00</u>	<u>\$ 501,100.00</u>	<u>\$ 355,735.68</u>	<u>\$ 145,364.32</u>
Ref.				D
Cash Disbursed			\$ 354,632.03	
Encumbered			<u>1,103.65</u>	
			<u>\$ 355,735.68</u>	

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

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
SOLID WASTE UTILITY FUND

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

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 71,466.33	\$ 61,960.87
Due from Current Fund	A	34.65	740.87
		<u>71,500.98</u>	<u>62,701.74</u>
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-5	<u>4,080.56</u>	<u>7,490.30</u>
<u>TOTAL ASSETS</u>		<u>\$ 75,581.54</u>	<u>\$ 70,192.04</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-6	\$ 8,475.92	\$ 7,198.86
		<u>8,475.92</u>	<u>7,198.86</u>
Prepaid Rents		296.03	893.02
Overpayments		0.09	602.51
		<u>8,772.04</u>	<u>8,694.39</u>
Reserve for Receivables	E	4,080.56	7,490.30
Fund Balance	E-1	<u>62,728.94</u>	<u>54,007.35</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 75,581.54</u>	<u>\$ 70,192.04</u>

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

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

		Year Ended December 31,	
	Ref.	2020	2019
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 7,100.00	\$ 7,100.00
Rents		144,676.74	141,431.05
Miscellaneous Revenue Not Anticipated		10,548.42	13,626.56
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		996.43	7,022.99
Total Income		163,321.59	169,180.60
<u>Expenditures</u>			
Budget Expenditures:			
Operating		146,800.00	142,100.00
Statutory Expenditures		700.00	500.00
Total Expenditures		147,500.00	142,600.00
Excess in Revenue		15,821.59	26,580.60
<u>Fund Balance</u>			
Balance January 1		54,007.35	34,526.75
Decreased by:			
Utilized as Anticipated Revenue		7,100.00	7,100.00
Balance December 31	E	\$ 62,728.94	\$ 54,007.35

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

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

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 7,100.00	\$ 7,100.00	
Rents	140,400.00	144,676.74	\$ 4,276.74
	<u>147,500.00</u>	<u>151,776.74</u>	<u>4,276.74</u>
Miscellaneous Revenue Not Anticipated		10,548.42	10,548.42
	<u>\$ 147,500.00</u>	<u>\$ 162,325.16</u>	<u>\$ 14,825.16</u>

Analysis of Rents:

Cash Received	\$ 143,035.21
Overpayments Applied	602.42
Due from Current Fund	146.09
Prepays Applied	<u>893.02</u>
	<u>\$ 144,676.74</u>

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:	
Interest and Penalties on Rents	\$ 522.36
Bulky Waste Fees	1,792.74
Prior Year Refunds	7,990.99
Interest on Investments	<u>242.33</u>
	<u>\$ 10,548.42</u>

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

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

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 8,200.00	\$ 8,200.00	\$ 635.95	\$ 7,564.05	
Other Expenses	138,600.00	138,600.00	138,318.51	281.49	
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	700.00	700.00	69.62	630.38	
	<u>\$ 147,500.00</u>	<u>\$ 147,500.00</u>	<u>\$ 139,024.08</u>	<u>\$ 8,475.92</u>	<u>\$ -0-</u>

Ref.

E

Analysis of Paid or Charged:

Cash Disbursed	\$ 138,912.64
Due to Current Fund	111.44
	<u>\$ 139,024.08</u>

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

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
SWIMMING POOL UTILITY FUND

BOROUGH OF CHESTER
SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 241,149.28	\$ 357,132.75
Deferred Charge:			
Deficit in Operations	F-1	66,923.78	
Total Operating Fund		308,073.06	357,132.75
Capital Fund:			
Cash and Cash Equivalents	F-4	209,350.43	210,577.00
Due from Swimming Pool Utility Operating Fund	F	20,264.26	3,398.58
Fixed Capital	F-7	3,026,077.81	3,026,077.81
Total Capital Fund		3,255,692.50	3,240,053.39
<u>TOTAL ASSETS</u>		<u>\$ 3,563,765.56</u>	<u>\$ 3,597,186.14</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	F-3;F-9	\$ 21,720.40	\$ 34,366.21
		21,720.40	34,366.21
Accounts Payable			1,798.31
Accrued Interest on Notes		393.75	875.00
Due to Swimming Pool Utility Capital Fund	F	20,264.26	3,398.58
		42,378.41	40,438.10
Fund Balance	F-1	265,694.65	316,694.65
Total Operating Fund		308,073.06	357,132.75
Capital Fund:			
Bond Anticipation Notes Payable	F-14	210,000.00	210,000.00
Improvement Authorizations:			
Funded	F-10		3,671.89
Capital Improvement Fund	F-11	227,459.19	207,459.19
Reserve for Amortization	F-12	2,816,077.81	2,816,077.81
Reserve for Preliminary Expenditures		2,155.50	2,844.50
Total Capital Fund		3,255,692.50	3,240,053.39
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>			
		\$ 3,563,765.56	\$ 3,597,186.14

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

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
REGULATORY BASIS

	Year Ended December 31,	
Ref.	2020	2019
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 51,000.00	\$ 50,000.00
Swimming Pool Fees	144,341.92	297,529.96
Miscellaneous Revenue Not Anticipated	34,403.74	112,320.19
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	17,532.25	89,980.14
Cancellation of Prior Year Accounts Payable	1,798.31	
Total Income	249,076.22	549,830.29
<u>Expenditures</u>		
Budget Expenditures:		
Operating	275,000.00	348,200.00
Capital Improvements	20,000.00	20,000.00
Statutory Expenditures	21,000.00	21,400.00
Total Expenditures	316,000.00	389,600.00
Excess/(Deficit) in Revenue	(66,923.78)	160,230.29
Adjustment to Excess Before Fund Balance:		
Included above which is by Statute a		
Deferred Charge to Budget of Succeeding Year -		
Deficit in Operations	\$ 66,923.78	
Statutory Excess to Fund Balance		160,230.29
<u>Fund Balance</u>		
Balance January 1	316,694.65	206,464.36
	316,694.65	366,694.65
Decreased by:		
Utilized as Anticipated Revenue	51,000.00	50,000.00
Balance December 31	F \$ 265,694.65	\$ 316,694.65

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

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
STATEMENT OF SEWER CAPITAL FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Fund Balance Anticipated	\$ 51,000.00	\$ 51,000.00	
Swimming Pool Fees	<u>335,000.00</u>	<u>144,341.92</u>	<u>\$ 190,658.08 *</u>
	386,000.00	195,341.92	190,658.08 *
Miscellaneous Revenue Not Anticipated	<u> </u>	<u>34,403.74</u>	<u>34,403.74</u>
	<u>\$ 386,000.00</u>	<u>\$ 229,745.66</u>	<u>\$ 156,254.34 *</u>

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:

Initiation Fees	\$ 24,775.00
Guest Fees	6,125.00
Other Miscellaneous	1,159.25
Interest on Investments	<u>2,344.49</u>
	<u>\$ 34,403.74</u>

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

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 185,000.00	\$ 185,000.00	\$ 159,999.15	\$ 0.85	\$ 25,000.00
Other Expenses	160,000.00	160,000.00	96,646.68	18,353.32	45,000.00
Capital Improvements:					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	21,000.00	21,000.00	17,633.77	3,366.23	
	<u>\$ 386,000.00</u>	<u>\$ 386,000.00</u>	<u>\$ 294,279.60</u>	<u>\$ 21,720.40</u>	<u>\$ 70,000.00</u>
<u>Ref.</u>				F	
Analysis of Paid or Charged					
Cash Disbursed			\$ 274,279.60		
Due to Swimming Pool Utility Capital Fund			<u>20,000.00</u>		
			<u>\$ 294,279.60</u>		

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

BOROUGH OF CHESTER

COUNTY OF MORRIS

2020

GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2020	2019
<u>ASSETS</u>		
Land	\$ 13,131,760.00	\$ 13,131,760.00
Buildings	6,387,961.00	6,387,961.00
Machinery, Equipment and Vehicles	1,233,191.00	1,233,191.00
<u>TOTAL ASSETS</u>	<u>\$ 20,752,912.00</u>	<u>\$ 20,752,912.00</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	<u>\$ 20,752,912.00</u>	<u>\$ 20,752,912.00</u>
<u>TOTAL RESERVES</u>	<u>\$ 20,752,912.00</u>	<u>\$ 20,752,912.00</u>

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

BOROUGH OF CHESTER
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 Chester include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Chester, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Chester do not include the operations of the joint 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 Chester 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 Chester accounts for its financial transactions through the following separate funds:

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

Trust Funds - Receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

BOROUGH OF CHESTER
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)

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

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

Solid Waste Utility Operating Fund - Account for the operations of the municipally owned solid waste utility.

Swimming Pool Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned swimming pool utility.

General Fixed Assets Account Group - These accounts were established with estimated values of land, building 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 measurements made, regardless of the measurement focus applied.

The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Operating and Trust Funds on the cash basis, and in the capital funds when improvements are authorized. The amounts recorded as property taxes 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.

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

1. Accumulated unpaid vacation, sick pay and other employee 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.

BOROUGH OF CHESTER
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, 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 fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough'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; federal and state grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, fixed assets purchased by the Utility Capital Funds would be depreciated and the Borough's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

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

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, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by capital lease purchase agreements.

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 awarded less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amounts awarded.

BOROUGH OF CHESTER
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)

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 cost of inventories of supplies is recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets Account Group - General fixed assets are recorded at historical cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. 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. No depreciation has been provided on general fixed assets.

The total value recorded for general fixed assets is offset by an "Investment in General 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, Sewer Utility Funds and Swimming Pool Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, Sewer Utility and Swimming Pool 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 Sewer Utility and Swimming Pool Utility Funds, are recorded in the capital accounts at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. 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 acquisition of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

F. Budget/Budgetary Controls

Annual appropriated budgets are prepared in the 1st quarter for the Current, Open Space, and Utility

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

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

F. Budget/Budgetary Controls (Cont'd)

Operating 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.

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 and taxing power have been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2020	2019	2018
<u>Issued</u>			
General - Bonds and Notes	\$ 3,385,800.00	\$ 3,858,300.00	\$ 4,005,000.00
Swimming Pool Utility - Notes	210,000.00	210,000.00	
Sewer Utility - Notes	280,000.00		
Total Issued	<u>3,875,800.00</u>	<u>4,068,300.00</u>	<u>4,005,000.00</u>
<u>Authorized but not Issued:</u>			
General Capital	3,048,000.00		
Sewer Utility Capital	95,000.00	280,000.00	
Total Authorized but not Issued	<u>3,143,000.00</u>	<u>280,000.00</u>	<u>-0-</u>
Net Bonds, Notes and Loans Issued and Authorized but not Issued	<u>\$ 7,018,800.00</u>	<u>\$ 4,348,300.00</u>	<u>\$ 4,005,000.00</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement and indicates a statutory net debt of 1.643%.

	Gross Debt	Deductions	Net Debt
School Debt	\$ 2,792,854.95	\$ 2,792,854.95	
General Debt	6,433,800.00		\$ 6,433,800.00
Sewer Utility Debt	375,000.00	375,000.00	
Swimming Pool Utility Debt	210,000.00	210,000.00	
	<u>\$ 9,811,654.95</u>	<u>\$ 3,377,854.95</u>	<u>\$ 6,433,800.00</u>

BOROUGH OF CHESTER
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)

Net Debt \$6,433,800.00 divided by Average Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$391,637,120.67 = 1.643%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 13,707,299.22
Net Debt	<u>6,433,800.00</u>
Remaining Borrowing Power	<u>\$ 7,273,499.22</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 526,234.55
Deductions:	
Operating and Maintenance Costs	<u>471,100.00</u>
Excess in Revenue	<u>\$ 55,134.55</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 229,745.66
Deductions:	
Operating and Maintenance Costs	<u>296,000.00</u>
(Deficit) in Revenue	<u>\$ (66,254.34)</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.

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

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/18	Additions	Retirements	Balance 12/31/19
Serial Bonds:				
General Capital	\$ 3,435,000.00		\$ 210,000.00	\$ 3,225,000.00
Bond Anticipation Notes:				
General Capital	570,000.00	\$ 633,300.00	570,000.00	633,300.00
Swimming Pool Utility Capital		210,000.00		210,000.00
	<u>\$ 4,005,000.00</u>	<u>\$ 843,300.00</u>	<u>\$ 780,000.00</u>	<u>\$ 4,068,300.00</u>

BOROUGH OF CHESTER
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 Year

Fund	Balance 12/31/19	Additions	Retirements	Balance 12/31/20
Serial Bonds:				
General Capital	\$ 3,225,000.00		\$ 210,000.00	\$ 3,015,000.00
Sewer Utility Capital Fund				
Bond Anticipation Notes:				
General Capital	633,300.00	\$ 370,800.00	633,300.00	370,800.00
Sewer Utility Capital		280,000.00		280,000.00
Swimming Pool Utility Capital	210,000.00	210,000.00	210,000.00	210,000.00
	<u>\$ 4,068,300.00</u>	<u>\$ 860,800.00</u>	<u>\$ 1,053,300.00</u>	<u>\$ 3,875,800.00</u>

The Borough's debt issued and outstanding on December 31, 2020, is described as follows:

General Capital Serial Bonds

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
General Improvement Bonds	02/01/32	3.00-3.25%	<u>\$ 3,015,000.00</u>

Swimming Pool Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Swimming Pool Improvements	10/15/21	0.90%	<u>\$ 210,000.00</u>

Sewer Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Various Sewer Improvements	10/15/21	0.90%	<u>\$ 280,000.00</u>

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Improvements to Various Roads	10/15/21	0.90%	\$ 262,500.00
Acquisition of Fire Truck	10/15/21	0.90%	108,300.00
			<u>\$ 370,800.00</u>
Total Debt Issued and Outstanding			<u>\$ 3,875,800.00</u>

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

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

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

Calendar Year	General Capital		Total
	Principal	Interest	
2021	\$ 215,000.00	\$ 89,356.26	\$ 304,356.26
2022	220,000.00	82,831.26	302,831.26
2023	225,000.00	76,156.26	301,156.26
2024	235,000.00	69,256.26	304,256.26
2025	240,000.00	32,865.32	272,865.32
2026-2030	1,300,000.00	202,996.92	1,502,996.92
2031-2032	580,000.00	42,159.38	622,159.38
	<u>\$ 3,015,000.00</u>	<u>\$ 595,621.66</u>	<u>\$ 3,610,621.66</u>

Note 3: Fund Balances Appropriated

The amount of fund balances at December 31, 2020 which are appropriated in the introduced budget for the year ending December 31, 2021 are as follows:

Current Fund	\$ 650,000.00
Sewer Utility Operating Fund	81,225.00
Solid Waste Utility Operating Fund	10,400.00
Swimming Pool Utility Operating Fund	185,738.64

Note 4: Local School District Taxes and Regional High School 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 Chester has not elected to defer school taxes.

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

Note 5: Pension Plans

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

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial report which can be found at www.state.nj.us/treasury/pensions/annual-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 table on the following page 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 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

BOROUGH OF CHESTER
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

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 will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$75,404.00 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 \$1,391,511 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 0.00767%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2018. The Borough has rolled forward the net pension liability as of June 30, 2019 with no adjustments. The State of New Jersey Public Employee's Retirement System's (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 Note 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 \$75,404.00.

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:

BOROUGH OF CHESTER
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)

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. 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:

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

Note 5: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<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 Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

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 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 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.

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

Note 5: Pension Plans (Cont'd)

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

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	\$ 1,757,705	\$ 1,391,511	\$ 1,082,941

Pension Plan Fiduciary Net Position

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

B. 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, 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 \$922.55 for the year ended December 31, 2020. Employee contributions to DCRP amounted to \$1,691.27 for the year ended December 31, 2020.

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

Note 6: Accrued Vacation and Compensatory Time Benefits

The Borough of Chester has permitted employees to accrue unused vacation and compensatory time, which is paid to employees in the beginning of the following year. It is estimated that the current cost of such unpaid compensation at December 31, 2020 would approximate \$83,254.25. This amount is not reported either as an expenditure or liability. It is expected that the cost of such unpaid compensation would be included in the Borough of Chester's budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Leave Compensation of \$32,610.27 on the Trust Funds balance sheet at December 31, 2020.

Note 7: 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 7th 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 the imposition of interest charges. A penalty may be assessed for any unpaid taxes 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 April 1 and through December 31.

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	\$ 2.703	\$ 2.653	\$ 2.626
<u>Apportionment of Tax Rate</u>			
Municipal (includes Open Space)	0.987	0.951	0.927
County	0.255	0.255	0.255
Local School	0.913	0.919	0.928
Regional High School	0.548	0.528	0.516
<u>Assessed Valuations</u>			
2020	<u>\$ 403,668,727.00</u>		
2019		<u>\$ 398,356,400.00</u>	
2018			<u>\$ 401,160,100.00</u>

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

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

Note 7: Selected Tax Information (Cont'd)

Year	Tax Levy	Currently	
		Cash Collections	Percentage of Collection
2020	\$ 10,921,947.85	\$ 10,871,313.38	99.53%
2019	10,576,964.58	10,363,630.77	97.98%
2018	10,540,021.48	10,382,021.54	98.50%

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 8: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. 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 risk is the risk that in the event of 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 permitted under state statutes as detailed on the following two pages.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that the Borough's 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.

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

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Deposits: (Cont'd)

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in 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 on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least 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.

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;

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

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments: (Cont'd)

- (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 (C17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

Fund	Cash on Hand	Checking Accounts	Total
Current Fund	\$ 100.00	\$ 3,159,081.10	\$ 3,159,181.10
Animal Control Fund		32,960.17	32,960.17
Other Trust Funds		1,329,071.41	1,329,071.41
General Capital Fund		959,334.22	959,334.22
Sewer Utility Operating Fund		668,865.40	668,865.40
Sewer Utility Capital Fund		303,167.28	303,167.28
Solid Waste Utility Fund		71,466.33	71,466.33
Swimming Pool Utility Operating Fund		241,149.28	241,149.28
Swimming Pool Utility Capital Fund		209,350.43	209,350.43
	<u>\$ 100.00</u>	<u>\$ 6,974,445.62</u>	<u>\$ 6,974,545.62</u>

During the period ended December 31, 2020, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2020, was \$6,974,545.62 and the bank balance was \$6,738,013.23.

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

Note 9: 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 to employees through the State of New Jersey Health Benefits Plan.

The Borough of Chester is a member of the Morris County Municipal Joint Insurance Fund (the "Fund"). This 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 this fund 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

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

This 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. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected financial information of this Fund as of December 31, 2020 is as follows:

Total Assets	<u>\$ 37,043,381</u>
Net Position	<u>\$ 15,309,967</u>
Total Revenue	<u>\$ 21,527,917</u>
Total Expenses	<u>\$ 19,011,852</u>
Change in Net Position	<u>\$ 2,516,065</u>
Member Dividends	<u>\$ -0-</u>

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

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

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

Note 9: Risk Management (Cont'd)

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 and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Employer Contributions</u>	<u>Interest Earned</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020	\$ 2,000.00	\$ 632.84	\$ 2,065.21	\$ 16,582.20
2019	2,000.00	327.92	2,581.50	16,014.57
2018		284.15	2,263.67	16,268.15

Note 10: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 30,820.50	\$ 381,876.35
Federal and State Grant Fund	62,178.61	
Animal Control Fund		30,782.37
Other Trust Funds	319,663.09	
General Capital Fund		38.13
Sewer Utility Operating Fund	6,750.25	
Sewer Utility Capital Fund		6,750.25
Solid Waste Utility Operating Fund	34.65	
Swimming Pool Utility Operating Fund		20,264.26
Swimming Pool Utility Capital Fund	20,264.26	
	<u>\$ 439,711.36</u>	<u>\$ 439,711.36</u>

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

Note 10: Interfund Receivables and Payables (Cont'd)

The interfund between the Current Fund and the Federal and State Grant Fund is the net of the prior year interfund as well as current year unappropriated grant collections less appropriated grant expenditures in the Current Fund. The interfund between the Animal Control Fund and the Current Fund is mainly tax receipts deposited to the Animal Control Fund due to the Current Fund. The interfund between the Swimming Pool Utility Operating Fund and the Swimming Pool Utility Capital Fund is for a prior year interfund not settled, an interfund advanced by the Capital Fund and the 2020 capital improvement budget appropriation due to the Capital Fund offset by improvement authorization expenditures paid by the Operating Fund. The interfund between the Solid Waste Utility Operating Fund and the Current Fund is for Solid Waste receipts that were deposited in the Current Fund. The interfund between the Sewer Utility Operating Fund and the Sewer Utility Capital Fund is for current year interest due to the Sewer Utility Operating Fund and for improvement authorization expenditures disbursed out of the Operating Fund. The interfund between the General Capital Fund and the Current Fund is for interest earned but not turned over at year end. The interfund between the Current Fund and the Other Trust Funds is due primarily to the tax sale premiums held in the Current Fund, Reserve for Storm Recovery receipts deposited in the Current Fund as well as prior year interfunds not settled.

Note 11: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, various contract disputes and tax appeals. 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 12: Deferred Compensation Plans

The Borough of Chester offers its employees a deferred compensation plan (the "Plan") created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by Lincoln Financial Group, is available to all Borough of Chester employees and permits participants to defer a portion of their salary. The deferred compensation is not available until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 13: Open Space Tax

The Borough of Chester created an Open Space Trust Fund which allows the Borough to collect a tax of up to \$.02 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Borough. The Open Space tax levy for 2020 was \$.01. As of December 31, 2020, the balance in the Open Space Trust Fund was \$383,655.91.

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

Note 14: Tax Abatements

The Governmental Accounting Standards Board requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

As of December 31, 2020, the Borough provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Borough pursuant to the authority contained in Section 5 of the Senior Citizens Nonprofit Rental Housing Tax Law (N.J.S.A. 55:14I-5) (the "Law") and a resolution of the governing body and an agreement in 1988. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Borough an annual service charge. The annual service charge made by the nonprofit corporation will be equal to 15% of the annual gross shelter rents derived from such housing project as detailed in the tax abatement agreement. The tax abatement provided under the agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first.

The Borough recognized revenue in the amount of \$29,050.05 from this annual service charge or payment in lieu of taxes which is recorded as anticipated in the Current Fund. The taxes which would have been paid on this property for 2020 without the abatement would have been \$72,210.65 of which \$26,367.71 would have been for the local municipal tax, minimum library tax and municipal open space tax.

Note 15: Fixed Assets

The following is a summarization of the activity of the Borough's fixed assets for the years ended December 31, 2020 and 2021:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
Land	\$ 13,131,760.00			\$ 13,131,760.00
Buildings	6,387,961.00			6,387,961.00
Machinery, Equipment and Vehicles	1,233,191.00			1,233,191.00
	<u>\$ 20,752,912.00</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 20,752,912.00</u>
	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
Land	\$ 13,131,760.00			\$ 13,131,760.00
Buildings	6,387,961.00			6,387,961.00
Machinery, Equipment and Vehicles	1,172,238.00	\$ 60,953.00		1,233,191.00
	<u>\$ 20,691,959.00</u>	<u>\$ 60,953.00</u>	<u>\$ -0-</u>	<u>\$ 20,752,912.00</u>

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

Note 16: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees

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 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 negotiation 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.

The Borough provides other post-retirement benefits to certain Borough employees after retirement, substantially similar in nature to the health benefits provided to employees presently working. The coverage applies to the employees and dependents. In the event of an employee's death, coverage ceases. In order to be eligible for this benefit, the employee must have a minimum of twenty (20) years of full-time service with the Borough.

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

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

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 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.

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 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.

OPEB Expense

The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2019 OPEB information in the Note to the Financial Statements as the June 30, 2020 pension information has not been released as of the date of this audit. The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

At June 30, 2019, the Borough had a liability of \$3,512,767 for its proportionate share of the net OPEB liability. At June 30, 2019, the Borough's proportion was .0259% which was a decrease of .007% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019 the Borough's OPEB benefit as determined by the State of New Jersey Division of Pensions and Benefits was \$329,259.

The Borough's actual post retirement payments in 2020 for 14 retired employees was \$174,311.

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

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

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.

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.

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

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

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.

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Borough 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 (2.50%)	Current Discount Rate (3.50%)	At 1% Increase (4.50%)
Net OPEB Liability Attributable to the Borough	\$ 4,061,652	\$ 3,512,767	\$ 3,066,725

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Healthcare Trend Rate

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

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Borough	\$ 2,964,342	\$ 3,512,767	\$ 4,212,375

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

Note 17: Deferred Charges

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, the following deferred charges are shown on the balance sheets of the Sewer Utility Operating Fund and the Swimming Pool Utility Operating Fund:

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>To be</u> <u>Raised in</u> <u>2021 Budget</u>
Sewer Utility Operating Fund:		
Overexpenditure of Appropriation Reserve	\$ 8,188.78	\$ 8,188.78
Swimming Pool Utility Operating Fund:		
Deficit in Operations	66,923.78	66,923.78

The amounts in the 2021 budget are not less than that required by statute.

Note 18: Subsequent Events

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 continue to be lower than years previous to 2020.

The finances of the Borough's Sewer, Solid Waste and Swimming Pool Utility Operating Funds will likely continue to be impacted by changes in usage and delinquent balances as well as a significant decline in interest earnings similar to that of the Current Fund.

The Borough refunded \$2,580,000 of their General Improvement Bonds dated 6/6/2012 with interest rates of 3.000% - 3.250% in January 2021 with \$2,705,000 of refunding bonds with interest rates of .293% - 1.994%. The new bonds will fully mature on August 1, 2032. With the refunding bonds, the Borough will have a net present value savings of \$147,373.85 over the life of the new bonds.

BOROUGH OF CHESTER

SUPPLEMENTARY DATA

BOROUGH OF CHESTER
OFFICIALS IN OFFICE AND SURETY BONDS
YEAR ENDED DECEMBER 31, 2020

Name	Title	Amount of Bond	Name of Corporate Surety
Janet Hoven	Mayor		
Gary Marshuetz	Council President		
Karen Ferrone	Council Member		
Russell Goodwin	Council Member		
Christopher Heil	Council Member		
Kyle Holman	Council Member		
Timothy Iversen	Council Member		
Margaret Nordstrom	Administrator	(A)	
Denean Probasco	Borough Clerk	(A)	
Jason Gabloff	Chief Financial Officer/Treasurer	\$1,000,000	Municipal Excess Liability JIF
John Marcione	Tax Assessor	(A)	
Antoinette Theesfeld	Tax Collector/Utility Collector	(B)	
Brian W. Mason	Attorney		
Paul Ferriero	Engineer		

(A) - All employees, who are not specifically bonded, are covered under a \$50,000 Faithful Performance Blanket Bond with the Morris County Municipal Joint Insurance Fund and a \$950,000 Faithful Performance Blanket Bond with the Municipal Excess Liability Joint Insurance Fund.

(B) - Surety bond coverage through the Township of Chester shared services agreement.

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
CURRENT FUND

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 2,660,944.67
Increased by Receipts:		
Tax Collector		\$ 11,184,977.75
Revenue Accounts Receivable		507,055.59
Due to/from State of New Jersey:		
Department of Community Affairs Training Fees		3,700.00
Veterans and Senior Citizens' Deductions		10,000.00
Marriage License Fees		150.00
Miscellaneous Revenue Not Anticipated		35,268.43
Appropriation Refunds		34,578.13
Due to Payroll Account		10,000.00
Due to Federal and State Grant Fund:		
Unappropriated Reserves		4,000.00
Due from Animal Control Fund:		
Settlement of Prior Year Interfund		1,226.18
Interfund Advanced		5.69
Due to Other Trust Funds:		
Interfund Advanced		1,144.40
Reserve for Tax Sale Premiums - Tax Sale		186,000.00
Reserve for Storm Recovery		19,535.00
Due from General Capital Fund:		
Interfund Returned		1,180.35
Due to/from Solid Waste Utility Operating Fund:		
Solid Waste Rents		146.09
		<hr/> 11,998,967.61
		<hr/> 14,659,912.28

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF CASH - TREASURER

Ref.

Decreased by Disbursements:

2020 Appropriation Expenditures	\$ 4,123,506.30
2019 Appropriation Reserves	63,739.41
Third Party Lien Redemption	71,874.63
Local School Taxes	3,814,899.00
Regional School Taxes	2,210,096.00
County Taxes	1,026,319.46

Due to State of New Jersey:

Department of Community Affairs Training Fees	2,022.00
Marriage License Fees	100.00

Refund of Prior Year Revenue	19,880.39
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Due from Federal and State Grant Fund -

Appropriated Reserves	1,000.00
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Due to/from Other Trust Funds:

Reserve for Accumulated Leave Compensation	3,007.00
Reserve for Tax Sale Premiums Refunds	105,000.00
Reserve for Open Space Levy	40,365.90
Partial Settlement of Prior Year Interfund	17,568.78

Due to Sewer Utility Operating Fund:

Interfund Returned - Prior Year	600.00
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Due from Solid Waste Utility Operating Fund:

2020 Appropriation Expenditures	111.44
Interfund Returned - Prior Year	740.87

\$ 11,500,831.18

Balance December 31, 2020

A

\$ 3,159,081.10

BOROUGH OF CHESTER
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2020

Increased by Receipts:

Taxes Receivable	\$ 10,973,817.92	
Prepaid Taxes	97,860.27	
Interest & Costs on Taxes	41,424.93	
Third Party Lien Redemption	<u>71,874.63</u>	
		<u>\$ 11,184,977.75</u>

Increased by Disbursements:

Paid to Treasurer		<u><u>\$ 11,184,977.75</u></u>
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BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF CASH - GRANT FUNDS
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

Year	Balance Dec. 31, 2019	2020 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Balance Dec. 31, 2020
2018	\$ 9,752.19		\$	9,752.19			
2019	210,067.74			210,067.74			
	219,819.93			219,819.93			
2020		\$ 10,921,947.85	\$	76,527.33	\$ 10,000.00	\$ 1,538.35	\$ 49,096.12
	\$ 219,819.93	\$ 10,921,947.85	\$	76,527.33	\$ 10,000.00	\$ 1,538.35	\$ 49,096.12
<u>Ref.</u>	A						A

\$ 10,973,817.92 Received in Current Fund
30,788.06 Received in Animal Control Trust Fund

\$ 11,004,605.98

Analysis of 2020 Property Tax Levy

Tax Yield:

General Purpose Tax
Added and Omitted Taxes (54:4-63.1 et. seq.)

\$ 10,911,165.93
10,781.92

\$ 10,921,947.85

Tax Levy:

Local School District Taxes
Regional School District Taxes
County Taxes
Due County for Added and Omitted Taxes

\$ 3,814,899.00
2,210,096.00

1,027,354.08

Municipal Open Space Taxes
Due Open Space for Added and Omitted Taxes

40,365.90
40.22

Local Tax for Municipal Purposes Levied
Minimum Library Tax
Additional Taxes Levied

3,686,144.13
130,913.27
12,135.25

40,406.12
7,092,755.20

3,829,192.65
\$ 10,921,947.85

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2019	Accrued In 2020	Received In 2020	Balance Dec. 31, 2020
Alcoholic Beverage Licenses		\$ 10,150.00	\$ 10,150.00	
Other Licenses		7,050.00	7,050.00	
Municipal Court:				
Fines and Costs	\$ 1,875.23	11,747.05	13,180.14	\$ 442.14
Interest on Investments		16,055.77	16,055.77	
Board of Health Fees:				
Fees and Permits		17,645.00	17,645.00	
Fire Prevention Fees		130.00	130.00	
Energy Receipts Taxes		146,071.01	146,071.01	
Uniform Construction Code Fees		55,627.00	55,627.00	
Payments in Lieu of Taxes - Robert Cole Apartments		29,050.05	29,050.05	
Chester Township Recreation		30,959.17	30,959.17	
Sewer Utility Operating Fund Surplus Anticipated		60,000.00	60,000.00	
Windy Acres Rental Pad Fee		7,080.00	7,080.00	
Antenna Rental		39,277.45	39,277.45	
Rental - School Board		74,780.00	74,780.00	
	<u>\$ 1,875.23</u>	<u>\$ 505,622.50</u>	<u>\$ 507,055.59</u>	<u>\$ 442.14</u>

Ref.

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BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administration:				
Salaries & Wages	\$ 3,250.33	\$ 3,250.33		\$ 3,250.33
Other Expenses	3,640.78	3,640.78	\$ 696.64	2,944.14
Mayor and Council:				
Salaries & Wages	3,159.00	3,159.00		3,159.00
Other Expenses	5,694.07	5,694.07	3,549.12	2,144.95
Municipal Clerk:				
Salaries & Wages	1,294.49	1,294.49		1,294.49
Other Expenses	1,275.71	1,275.71	1,275.71	
Financial Administration:				
Other Expenses	1,586.03	1,586.03	125.00	1,461.03
Annual Audit	1,600.00	1,600.00		1,600.00
Tax Assessment Administration:				
Other Expenses	200.02	200.02	25.00	175.02
Legal Services and Costs:				
Other Expenses	9,435.43	9,435.43	8,447.46	987.97
Municipal Court:				
Salaries & Wages	3,551.61	3,551.61		3,551.61
Other Expenses	5,826.05	5,826.05		5,826.05
Engineering Services and Costs:				
Other Expenses	9,000.00	9,000.00	8,532.48	467.52
Municipal Land Use Law:				
Planning Board:				
Salaries & Wages	253.82	253.82		253.82
Other Expenses	6,477.91	6,477.91	725.00	5,752.91
Zoning Officer:				
Other Expenses	614.00	614.00		614.00
Environmental Commission:				
Other Expenses	1,000.00	1,000.00	270.00	730.00
Insurance:				
Group Insurance for Employees	159,922.11	159,922.11		159,922.11
Health Benefit Waivers	10,000.00	10,000.00		10,000.00

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

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY:				
Police:				
Other Expenses	\$ 14,370.45	\$ 14,370.45	\$ 500.00	\$ 13,870.45
911 Communication System	3,683.75	3,683.75		3,683.75
Emergency Management Services:				
Salaries & Wages	100.12	100.12		100.12
Other Expenses	4,000.00	4,000.00	3,870.30	129.70
Aid to Volunteer Ambulance Companies:				
Other Expenses	4,802.50	4,802.50		4,802.50
Fire Prevention Program:				
Other Expenses	900.00	900.00		900.00
Municipal Prosecutor:				
Other Expenses	3,500.02	3,500.02		3,500.02
PUBLIC WORKS:				
Road Repairs and Maintenance:				
Salaries & Wages	0.13	0.13		0.13
Other Expenses	29,289.91	29,289.91	24,077.02	5,212.89
Traffic Lighting:				
Other Expenses	3,270.00	3,270.00	798.00	2,472.00
Public Buildings and Grounds:				
Other Expenses	2.38	2.38	2.38	
Vehicle Maintenance:				
Other Expenses	2,834.91	2,834.91	1,473.27	1,361.64
Community Services Act - Condo Costs:				
Kelly Bill - Chester Town	400.00	400.00	176.75	223.25
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries & Wages	1,242.97	1,242.97		1,242.97
Other Expenses	3,160.80	3,160.80	279.50	2,881.30
Senior Citizen Transportation	453.72	453.72	453.72	
PARKS AND RECREATION:				
Recreation:				
Other Expenses	572.78	572.78	572.78	
UNCLASSIFIED:				
Utilities	40,670.96	40,670.96	4,408.28	36,262.68
Fire Hydrant	6,026.25	6,026.25	3,266.00	2,760.25

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

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries & Wages	\$ 502.58	\$ 502.58		\$ 502.58
Other Expenses	365.00	365.00	\$ 215.00	150.00
STATUTORY EXPENDITURES:				
Contribution to:				
Public Employees' Retirement System	9.00	9.00		9.00
Social Security System (O.A.S.I.)	2,446.48	2,446.48		2,446.48
Defined Contribution Retirement Program	2,301.73	2,301.73		2,301.73
OPERATIONS EXCLUDED FROM "CAPS":				
Length of Service Awards Program	2,348.10	2,348.10		2,348.10
Shared Service Agreement:				
Borough of Mendham -				
Contractual Agreement	36,163.48	36,163.48		36,163.48
	<u>\$ 391,199.38</u>	<u>\$ 391,199.38</u>	<u>\$ 63,739.41</u>	<u>\$ 327,459.97</u>
<u>Analysis of Balance December 31, 2019:</u>	<u>Ref.</u>			
Encumbered	A \$ 17,162.90			
Unencumbered	A 374,036.48			
	<u>\$ 391,199.38</u>			

BOROUGH OF CHESTER
CURRENT FUND
SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2020

Increased by:	
Levy - Calendar Year 2020	\$ 3,814,899.00
Decreased by:	
Payments to Local School District	<u>\$ 3,814,899.00</u>

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

Increased by:	
Levy - Calendar Year 2020	\$ 2,210,096.00
Decreased by:	
Payments to Regional School District	<u>\$ 2,210,096.00</u>

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

Grant	Balance Dec. 31, 2019	2020 Revenue Realized	Transferred from Unappropriated Reserves	Balance Dec. 31, 2020
Alcohol Education and Rehabilitation		\$ 73.23	\$ 73.23	
Recreational Trails Program	\$ 9,011.33			\$ 9,011.33
Highlands Water Protection and Planning Grant	30,084.71			30,084.71
	<u>\$ 39,096.04</u>	<u>\$ 73.23</u>	<u>\$ 73.23</u>	<u>\$ 39,096.04</u>
	A			A

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

<u>Grant</u>	<u>Balance Dec 31, 2019</u>	<u>Collected in Current Fund</u>	<u>Transferred to 2020 Budget</u>	<u>Balance Dec 31, 2020</u>
Clean Communities		\$ 4,000.00		\$ 4,000.00
Alcohol Education and Rehabilitation	\$ 73.23		\$ 73.23	
	<u>\$ 73.23</u>	<u>\$ 4,000.00</u>	<u>\$ 73.23</u>	<u>\$ 4,000.00</u>
<u>Ref.</u>	A			A

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

	Balance Dec. 31, 2019	Transferred From 2020 Budget Appropriations	Expended in Current Fund	Balance Dec. 31, 2020
Recycling Tonnage Grant	\$ 165.13			\$ 165.13
Drunk Driving Enforcement Fund	10.82			10.82
Clean Communities Program	21,366.74		\$ 1,000.00	20,366.74
Body Armor Replacement Grant	3,293.22			3,293.22
Highlands Water Protection and Planning Grant	61,499.40			61,499.40
Alcohol Education and Rehabilitation	536.40	\$ 73.23		609.63
Recreational Trails Grant	8,329.71			8,329.71
Community Forestry Management Plan	3,000.00			3,000.00
	<u>\$ 98,201.42</u>	<u>\$ 73.23</u>	<u>\$ 1,000.00</u>	<u>\$ 97,274.65</u>
<u>Ref.</u>	A			A

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
TRUST FUNDS

BOROUGH OF CHESTER
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

		<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
	<u>Ref.</u>		
Balance December 31, 2019	B	\$ 5,448.98	\$1,210,080.38
Increased by Receipts:			
Borough Dog License Fees		\$ 1,780.20	
Penalties on Dog License Fees		67.00	
Miscellaneous Dog Fees			
State Dog License Fees		175.80	
Due to Current Fund:			
Interest Earned			\$ 186.22
Taxes Receivable		30,788.06	
Partial Settlement of Prior Year Interfund			17,568.78
Planning and Zoning Development			
Fees Receivable			
Developers Escrow			149,540.82
Open Space Trust:			
Open Space Tax Levy			40,365.90
Interest Earned			1,572.09
Planning and Zoning:			
Development Fees			6,353.12
Unemployment Compensation Insurance:			
Employer Contribution			2,000.00
Interest Earned			632.84
Recreation			22,835.24
Larry Masey			9.60
Housing Trust			63,691.14
Accumulated Leave Compensation			12,008.42
Flexible Spending Account			1,053.05
Storm Recovery			95.07
		<u>32,811.06</u>	<u>317,912.29</u>
		38,260.04	1,527,992.67

BOROUGH OF CHESTER
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
<u>Ref.</u>		
Decreased by Disbursements:		
Due to State of New Jersey		
Board of Health	\$ 168.00	
Administrative Expenses -		
Animal Control Expenditures	3,900.00	
Due to Current Fund:		
Settlement of Prior Year Interfund	1,226.18	
Interfund Advanced	5.69	\$ 1,144.40
Developer's Escrow		77,196.43
Open Space Trust		42,798.51
Planning and Zoning Development Fees		12,173.34
Unemployment Compensation Insurance		2,065.21
Recreation		34,115.78
Public Defender		1,645.23
Housing Trust		23,232.36
Storm Recovery		4,550.00
	<u>\$ 5,299.87</u>	<u>\$ 198,921.26</u>
Balance December 31, 2020	B <u><u>\$32,960.17</u></u>	<u><u>\$1,329,071.41</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 4,222.80
Increased by:		
Dog License Fees Collected		\$ 1,780.20
Late Fees		<u>67.00</u>
		<u>1,847.20</u>
		6,070.00
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		
Expenditures Paid by Animal Control Fund		<u>3,900.00</u>
Balance December 31, 2020	B	<u><u>\$ 2,170.00</u></u>

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2018	\$ 2,097.60
2019	<u>1,945.80</u>
Maximum Allowable Reserve	<u><u>\$ 4,043.40</u></u>

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
GENERAL CAPITAL FUND

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

Balance December 31, 2019	<u>Ref.</u> C	\$ 875,901.80
Increased by:		
Bond Anticipation Notes	370,800.00	
Due from State of New Jersey -		
Department of Transportation Grants Receivable	200,216.03	
Due to Current Fund:		
Interest on Investments	38.13	
Budget Appropriation - Capital Improvement Fund	<u>150,000.00</u>	
		<u>721,054.16</u>
		1,596,955.96
Decreased by:		
Improvement Authorization Expenditures	265,141.39	
Bond Anticipation Notes	371,300.00	
Due to Current Fund:		
Settlement of Prior Year Interfund	<u>1,180.35</u>	
		<u>637,621.74</u>
Balance December 31, 2020	C	<u><u>\$ 959,334.22</u></u>

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

Ord. Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Funded by Budget Appropriation	Balance Dec. 31, 2020	Analysis of Balance December 31, 2020		
						Financed by Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
16-04	Improvements of Various Roads	\$ 525,000.00		\$ 262,000.00	\$ 263,000.00	\$ 262,500.00		\$ 500.00
19-11	Fire Truck	108,300.00			108,300.00	108,300.00		
20-14	Refunding Bonds		\$ 2,800,000.00		2,800,000.00			2,800,000.00
20-15	Acquisition of a Fire Truck		247,500.00		247,500.00		\$ 239,224.13	8,275.87
		<u>\$ 633,300.00</u>	<u>\$ 3,047,500.00</u>	<u>\$ 262,000.00</u>	<u>\$ 3,418,800.00</u>	<u>\$ 370,800.00</u>	<u>\$ 239,224.13</u>	<u>\$ 2,808,775.87</u>
<u>Ref.</u>		C			C			
	Improvement Authorizations - Unfunded							\$ 3,026,388.08
	Less: Unexpended Proceeds of Bond Anticipation Notes Issued:							
	Ordinance #16-04						\$ 211,446.86	
	Ordinance #19-11						<u>6,165.35</u>	<u>217,612.21</u>
								<u>\$ 2,808,775.87</u>

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 115,676.67
Increased by:		
2020 Budget Appropriation		<u>150,000.00</u>
		265,676.67
Decreased by:		
Appropriated to Finance:		
Improvement Authorizations		<u>12,500.00</u>
Balance December 31, 2020	C	<u><u>\$ 253,176.67</u></u>

BOROUGH OF CHESTER
GENERAL CAPITAL FUND
SCHEDULE OF LOANS PAYABLE
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

Ordinance		Improvement Description	2020 Authorizations	Funded by Budget Appropriation	Bond		Balance Dec. 31, 2020
Date	Number				Anticipation Notes Issued	Anticipation Notes Matured	
09/06/16	16-04	Improvements of Various Roads		\$ 262,000.00	\$ 262,500.00	\$525,000.00	\$ 500.00
07/16/19	19-11	Fire Truck			108,300.00	108,300.00	
11/05/20	20-14	Refunding Bonds	\$2,800,000.00				2,800,000.00
12/01/20	20-15	Acquisition of a Fire Truck	247,500.00				247,500.00
			<u>\$3,047,500.00</u>	<u>\$ 262,000.00</u>	<u>\$ 370,800.00</u>	<u>\$633,300.00</u>	<u>\$ 3,048,000.00</u>

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
SEWER UTILITY FUND

BOROUGH OF CHESTER
SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2019	D	\$ 678,203.32	\$ 198,186.13
Increased by Receipts:			
Consumer Accounts Receivable	\$	406,748.94	
Prepaid Sewer Rents		32.39	
Due from Current Fund:			
Prior Year Interfund Returned		600.00	
Due to/from Sewer Utility Operating Fund:			
Interest on Investments			\$ 133.95
Due to/from Sewer Utility Capital Fund:			
Settlement of Prior Year Interfund		787.30	
Capital Improvement Fund:			
2020 Budget Appropriation			30,000.00
Bond Anticipation Note Proceeds			280,000.00
Miscellaneous Revenue not Anticipated		8,250.50	
		<u>416,419.13</u>	<u>310,133.95</u>
		1,094,622.45	508,320.08
Decreased by Disbursements:			
2020 Budget Appropriations		354,632.03	
2019 Appropriation Reserves		5,047.72	
Improvement Authorizations			204,365.50
Due to Current Fund:			
Fund Balance Anticipated		60,000.00	
Due to/from Sewer Utility Operating Fund:			
Prior Year Interfund Returned			787.30
Due from Sewer Utility Capital Fund:			
Improvement Authorizations Expenditures		6,077.30	
		<u>425,757.05</u>	<u>205,152.80</u>
Balance December 31, 2020	D	\$ 668,865.40	\$ 303,167.28

BOROUGH OF CHESTER
SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
ANALYSIS OF SEWER CAPITAL CASH

	Receipts			Disbursements			Balance Dec. 31, 2020
	Balance Dec. 31, 2019	Bond Anticipation Notes		Improvement Authorizations	Transfers		
		Miscellaneous	Budget Appropriation		From	To	
Capital Improvement Fund	\$ 93,027.21			\$ 30,000.00		\$ 5,000.00	\$ 118,027.21
Due to/(from) Sewer Utility Operating Fund	787.30	\$ 133.95			\$ 787.30	\$ 6,616.30	6,750.25
Reserve for Preliminary Expenses -							
Hydrogeological Study	2,985.68						2,985.68
Fund Balance	662.00						662.00
Improvement Authorizations:							
Ord Number	Improvement Description						
95-15;	Construction of Disposal Beds and Upgrade of Treatment Plant						
96-17							
00-08;	Installation of Sanitary Sewer and of a Pump Station and Force Main						
01-20;							
04-19	18,043.00			18,043.00			
19-16	14,000.00		\$280,000.00	133,477.81		6,616.30	153,905.89
20-02	Various Sanitary Sewerage Improvements						
						5,000.00	5,000.00
	\$ 198,186.13	\$ 133.95	\$280,000.00	\$ 204,365.50	\$ 787.30	\$ 11,616.30	\$ 303,167.28

BOROUGH OF CHESTER
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 120,582.35
Increased by:		
Sewer Rents Levied		<u>380,293.35</u>
		500,875.70
Decreased by:		
Collections	\$ 406,748.94	
Overpayments Applied	<u>1.16</u>	
		<u>406,750.10</u>
Balance December 31, 2020		<u><u>\$ 94,125.60</u></u>
<u>Analysis of Balance</u>		
Sewer Rents Receivable	D	\$ 88,104.15
Significant User Fees Receivable	D	<u>6,021.45</u>
		<u><u>\$ 94,125.60</u></u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 815,370.18
Additions by:		
Transferred from Fixed Capital Authorized and Uncompleted		<u>425,865.97</u>
Balance December 31, 2020	D	<u><u>\$ 1,241,236.15</u></u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Balance Dec. 31, 2019	2020 Authorizations	Transferred to Fixed Capital	Balance Dec. 31, 2020
	Date	Amount				
Construction of Disposal Beds and Upgrade of Treatment Plant	11/06/95; 06/19/95	\$ 700,000.00 1,550,000.00	\$ 1,670,000.00			\$ 1,670,000.00
Installation of Sanitary Sewer and of a Pump Station and Force Main	06/21/00; 10/15/01; 07/20/04		425,865.97	\$ 425,865.97		
Various Sewer Improvements	6/6/2019	294,000.00	294,000.00			294,000.00
Various Sanitary Sewerage Improvements	4/7/2020	100,000.00		\$ 100,000.00		100,000.00
			\$ 2,389,865.97	\$ 100,000.00	\$ 425,865.97	\$ 2,064,000.00
		<u>Ref.</u>	D		D	

BOROUGH OF CHESTER
SEWER 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	\$ 7,078.24	\$ 7,078.24		\$ 7,078.24
Other Expenses	5,751.52	5,751.52	\$ 5,047.72	703.80
Statutory Expenditures:				
Contribution to:				
Social Security System	28.45	28.45		28.45
	<u>\$ 12,858.21</u>	<u>\$ 12,858.21</u>	<u>\$ 5,047.72</u>	<u>\$ 7,810.49</u>

Analysis of Balance December 31, 2019

Ref.

Unencumbered D \$ 12,858.21

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ordinance Date	Amount	2020 Authorization				Balance	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges To Future Revenue	Paid or Charged	Balance Dec. 31, 2020 Funded Unfunded
95-15	Construction of Disposal Beds and Upgrade of Treatment Plant	6/19/1995	\$1,550,000.00	\$ 68,680.94				\$ 52,844.69	\$ 15,836.25
01-20/ 04-19	Installation of Sanitary Sewer and of a Pump Station and Force Main	6/21/2000; 10/15/2001; 7/20/2004	1,150,000.00	18,043.00				18,043.00	
19-16	Various Sewer Improvements	6/6/2019	294,000.00	14,000.00	\$280,000.00			140,094.11	\$ 153,905.89
20-02	Various Sanitary Sewerage Improvements	4/7/2020	100,000.00			\$ 5,000.00	\$ 95,000.00		5,000.00 95,000.00
				\$100,723.94	\$280,000.00	\$ 5,000.00	\$ 95,000.00	\$210,981.80	\$ 20,836.25 \$ 248,905.89
		<u>Ref.</u>		D	D				D D
						Cash Disbursed		\$204,365.50	
						Due to Sewer Utility Operating Fund		6,077.30	
						Accrued Interest on Notes - Due to Sewer Utility Operating Fund		539.00	
									\$210,981.80

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 93,027.21
Increased by:		
2020 Budget Appropriation		<u>30,000.00</u>
		123,027.21
Decreased by:		
Amount Appropriated to Finance Improvement Authorizations		<u>5,000.00</u>
Balance December 31, 2020	D	<u><u>\$ 118,027.21</u></u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 815,370.18
Increased by:		
Transferred from Deferred Reserve for Amortization		<u>425,865.97</u>
Balance December 31, 2020	D	<u><u>\$ 1,241,236.15</u></u>

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Ord. No.	Improvement Description	Ord. Date	Balance Dec. 31, 2019	2020 Authorization	Transferred To Reserve for Amortization	Balance Dec. 31, 2020
95-15	Construction of Disposal Beds and Upgrade of Treatment Plant	11/6/1995	\$ 1,670,000.00			\$ 1,670,000.00
01-20; 04-19	Installation of Sanitary Sewer and of a Pump Station and Force Main	10/15/2001; 7/20/2004	425,865.97		\$ 425,865.97	
19-16	Various Sewer Improvements	6/6/2019	14,000.00			14,000.00
20-02	Various Sanitary Sewerage Improvements	4/7/2020		\$ 5,000.00		5,000.00
			<u>\$ 2,109,865.97</u>	<u>\$ 5,000.00</u>	<u>\$ 425,865.97</u>	<u>\$ 1,689,000.00</u>

Ref. D D

BOROUGH OF CHESTER
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2020

Ord. No.	Improvement Description	Date of			Interest Rate	Issued	Balance Dec. 31, 2020
		Original Issue	Issue	Maturity			
19-16	Various Sewer Improvements	10/15/20	10/15/20	10/15/21	0.90%	\$ 280,000.00	\$ 280,000.00
						<u>\$ 280,000.00</u>	<u>\$ 280,000.00</u>
					<u>Ref.</u>		D

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

Ordinance Number	Improvement Description	Ordinance Date	Balance Dec. 31, 2019	2020 Authorization	Bond Anticipation Notes Issued	Balance Dec. 31, 2020
2019-16	Various Sewer Improvements	6/6/2019	\$ 280,000.00		\$ 280,000.00	
2020-02	Various Sanitary Sewerage Improvements	4/7/2020		\$ 95,000.00		\$ 95,000.00
			<u>\$ 280,000.00</u>	<u>\$ 95,000.00</u>	<u>\$ 280,000.00</u>	<u>\$ 95,000.00</u>

BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
SOLID WASTE UTILITY FUND

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

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2019	E	\$ 61,960.87
Increased by Receipts:		
Consumer Accounts Receivable		\$ 143,035.21
Interest on Investments		242.33
Interest and Penalties on Rents		522.36
Prepaid Rents		296.03
Bulky Waste Fees		1,792.74
Prior Year Refunds		7,990.99
Due to Current Fund:		
Settlement of Prior Year Interfund		740.87
		<u>154,620.53</u>
		216,581.40
Decreased by Disbursements:		
2020 Budget Appropriations		138,912.64
2019 Appropriation Reserves		6,202.43
		<u>145,115.07</u>
Balance December 31, 2020	E	<u><u>\$ 71,466.33</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 7,490.30
Increased by:		
Solid Waste Rents Levied		141,267.00
		<u>148,757.30</u>
Decreased by Collections:		
Cash Received	\$ 143,035.21	
Due from Current Fund	146.09	
Prepaid Rents Applied	893.02	
Overpayments Applied	<u>602.42</u>	
		<u>144,676.74</u>
Balance December 31, 2020	E	<u><u>\$ 4,080.56</u></u>

BOROUGH OF CHESTER
SOLID WASTE 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	\$ 6,728.28	6,728.28	\$ 6,202.43	\$ 525.85
Other Expenses	55.08	55.08		55.08
Statutory Expenditures:				
Social Security System	415.50	415.50		415.50
	<u>\$ 7,198.86</u>	<u>\$ 7,198.86</u>	<u>\$ 6,202.43</u>	<u>\$ 996.43</u>

Analysis of Balance at December 31, 2019:

Ref.

Unencumbered	E	<u>\$ 7,198.86</u>
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BOROUGH OF CHESTER
COUNTY OF MORRIS
2020
SWIMMING POOL UTILITY FUND

BOROUGH OF CHESTER
SWIMMING POOL UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2019	F	\$ 357,132.75	\$ 210,577.00
Increased by Receipts:			
Pool Fees		\$ 144,341.92	
Due to Swimming Pool Capital Fund:			
Interfund Advanced		537.57	
Bond Anticipation Notes			\$ 210,000.00
Miscellaneous Revenue Not Anticipated		34,403.74	
		<u>179,283.23</u>	<u>210,000.00</u>
		536,415.98	420,577.00
Decreased by Disbursements:			
2020 Budget Appropriations		274,279.60	
2019 Appropriation Reserves		16,833.96	
Accrued Interest on Notes		481.25	
Reserve for Preliminary Expense			689.00
Due from Swimming Pool Capital Fund:			
Improvement Authorization Expenditures		3,671.89	
Due from Swimming Pool Utility Operating Fund:			
Interfund Advanced			537.57
Bond Anticipation Notes		210,000.00	
		<u>295,266.70</u>	<u>211,226.57</u>
Balance December 31, 2020	F	<u>\$ 241,149.28</u>	<u>\$ 209,350.43</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
ANALYSIS OF SWIMMING POOL CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2019	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2020
		Bond Anticipation Notes	Bond Anticipation Notes	Bond Anticipation Notes	Miscellaneous	From	To	
Capital Improvement Fund	\$ 207,459.19							\$ 227,459.19
Due to Swimming Pool Utility Operating Fund	(3,398.58)				\$ 537.57	\$ 20,000.00	\$ 20,000.00	(20,264.26)
Reserve for Preliminary Expenditures	2,844.50				689.00		3,671.89	2,155.50
Improvement Authorizations:								
Ord Number	Improvement Description							
19-02	Improvements to Swimming Pool							
	3,671.89	\$210,000.00		\$210,000.00		3,671.89		
	\$ 210,577.00	\$210,000.00		\$210,000.00	\$ 1,226.57	\$ 23,671.89	\$ 23,671.89	\$ 209,350.43

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2019	F	\$ 3,026,077.81
Balance December 31, 2020	F	<u>\$ 3,026,077.81</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

NOT APPLICABLE

BOROUGH OF CHESTER
SWIMMING POOL UTILITY OPERATING FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 10,163.23	\$ 10,163.23		\$ 10,163.23
Other Expenses	23,262.94	23,262.94	\$ 16,833.96	6,428.98
Statutory Expenditures:				
Contribution to:				
Social Security System	940.04	940.04		940.04
	<u>\$ 34,366.21</u>	<u>\$ 34,366.21</u>	<u>\$ 16,833.96</u>	<u>\$ 17,532.25</u>
<u>Analysis of Balance December 31, 2019</u>	<u>Ref.</u>			
Unencumbered	F	<u>\$ 34,366.21</u>		

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDING DECEMBER 31, 2020

Improvement Description	Number	Ordinance		Balance	Paid or Charged
		Date	Amount	Dec. 31, 2019 Funded	
Swimming Pool Improvements	19-02	03/19/19	\$ 210,000.00	\$ 3,671.89	\$ 3,671.89
				<u>Ref.</u>	F
Due to Swimming Pool Utility Operating Fund					\$ 3,671.89

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	F	\$ 207,459.19
Increased by:		
2020 Budget Appropriation Due from Swimming Pool Operating Fund		<u>20,000.00</u>
Balance December 31, 2020	F	<u><u>\$ 227,459.19</u></u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2019	F	\$ 2,816,077.81
Balance December 31, 2020	F	<u>\$ 2,816,077.81</u>

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

NOT APPLICABLE

BOROUGH OF CHESTER
SWIMMING POOL 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
		Original Issue	Issue	Maturity					
19-02	Swimming Pool Improvements	10/17/19	10/17/19	10/16/20	2.00%	\$ 210,000.00		\$ 210,000.00	
			10/15/20	10/15/21	0.90%		\$ 210,000.00		\$ 210,000.00
						<u>\$ 210,000.00</u>	<u>\$ 210,000.00</u>	<u>\$ 210,000.00</u>	<u>\$ 210,000.00</u>
					<u>Ref.</u>	F			F

BOROUGH OF CHESTER
SWIMMING POOL UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2020

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Bond Anticipation Notes Matured</u>	<u>Bond Anticipation Notes Issued</u>
19-02	Swimming Pool Improvements	03/19/19	<u>\$ 210,000.00</u>	<u>\$ 210,000.00</u>

BOROUGH OF CHESTER

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2020

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

Name of Federal Agency or Department	Name of Program	C.F.D.A		Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amount Paid to Subrecipients
		Account Number	Account Number	From	To					
U.S. Department of Treasury: (Passed through the New Jersey Department of Community Affairs)	COVID-19 - Corona Virus Relief Fund: Local Government Emergency Fund	21.019	100-022-8030- 686-049690	3/1/20	12/31/20	\$19,535.00	\$ 19,535.00	\$19,535.00	\$ 19,535.00	
Total Department of Treasury							19,535.00	19,535.00		
U.S. Department of Transportation: (Passed through New Jersey Department of Transportation)	Municipal Aid: Fairmount Avenue	20.205	480-078-6320- AM2-605178	10/20/20	12/31/21	335,000.00	200,216.03	56,874.69	56,874.69	
Total Department of Transportation							200,216.03	56,874.69	56,874.69	
Total Federal Awards							\$219,751.03	\$76,409.69	\$ 76,409.69	\$ -0-

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

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

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities	765-042-4900- 004-178910	01/01/18	12/31/21	\$ 8,047.99		\$ 1,000.00	\$ 5,447.65
			01/01/20	12/31/21	4,000.00	\$ 4,000.00		
	Total Clean Communities Grant					4,000.00	1,000.00	5,447.65
Total Department of Environmental Protection						4,000.00	1,000.00	5,447.65
Total State Awards						\$ 4,000.00	\$ 1,000.00	\$ 5,447.65

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

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

Note 1. 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 Chester 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 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, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note 2. 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 not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Code.

Note 3. 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.



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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 Chester
Chester, 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 Chester, 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 3, 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2020-001 that we consider to be a significant deficiency.

The Honorable Mayor and Members
of the Borough Council
Borough of Chester
Page 2

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*.

The Borough's Response to the Finding

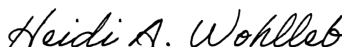
The Borough's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 3, 2021


NISIVOCCIA LLP


Heidi A. Wohlleb
Certified Public Accountant
Registered Municipal Accountant No. 481

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Borough's financial statements, 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.
- A significant deficiency disclosed during the audit of the financial statements is 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 material weaknesses are reported.
- 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, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2020 as grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJ OMB 15-08.

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2020-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts and the preparation of the general ledger are performed by one person with limited oversight review.

BOROUGH OF CHESTER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2020
(Continued)

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2020-001 (Cont'd)

Segregation of Duties (Cont'd)

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that an adequate segregation of duties is maintained with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

BOROUGH OF CHESTER
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2020

The prior year audit finding 2019-001 pertaining to the segregation of duties was not resolved due to budgetary constraints and is included in the current year report as Finding 2020-001.

BOROUGH OF CHESTER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS

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

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

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

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

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), 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. 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 Borough of Chester has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year and 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. 40A:11-4. The minutes also indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services," per N.J.S. 40A:11-5.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Contracts and Agreements Required to be Advertised for N.J.S. 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, Utility Rents

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

On January 7, 2020, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility rents as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes or utility rents becoming delinquent after the due date and 18% per annum on any amount of taxes and utility rents in excess of \$1,500.00, becoming delinquent after the due date, and if the total amount due on December 31, is in excess of \$10,000.00 an additional penalty of 6% shall be charged against the delinquency.
2. There will be a ten (10) day grace period, or 25 days after mailing, for quarterly tax payments or any other municipal charges. However, any payments not paid within the ten day grace period, or 25 days after mailing, will be charged interest from the due date.

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

Delinquent Taxes and Tax Title Liens

There were no municipal liens for the last three years.

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. General ledger accounting and record system.
3. Fixed assets accounting and reporting system.

The Borough is currently in compliance with the accounting requirements.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2020.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Receipts	Disbursements	Balance Dec. 31, 2020
Municipal Treasurer:				
Fines & Costs	\$ 1,875.23	\$ 11,747.05	\$ 13,180.14	\$ 442.14
Conditional Discharge		225.00	225.00	
Public Defender		400.00	400.00	
Weights and Measures	4,250.00	18,000.00	21,150.00	1,100.00
Restitution	38.00		38.00	
County:				
Fines	942.50	5,509.00	6,298.00	153.50
State:				
Fines and Costs	880.88	10,815.86	11,362.72	334.02
Bail		350.00	350.00	
	<u>\$ 7,986.61</u>	<u>\$ 47,046.91</u>	<u>\$ 53,003.86</u>	<u>\$ 2,029.66</u>

Outside Departments

During our review of the various outside departments, we noted that a monthly summarized cash receipt ledger was not prepared for the Clerk's Office collections, monthly reports for outside departments are not submitted to the finance office and outside department records were not reconciled to the Treasurer's records on a monthly basis. It is recommended that a monthly cash receipts ledger is prepared for the Clerk's Office collections, monthly reports are submitted for all outside offices, and all outside department ledgers are reconciled to the Treasurer's records on a monthly basis.

Management's Response

Every effort will be made to ensure that a monthly summarized cash receipts ledger is prepared for the Clerk's Office collections, monthly reports are submitted for all outside offices, and all outside department ledgers are reconciled to the Treasurer's records on a monthly basis.

Finance Records

During our review of the bank reconciliations for the various funds at December 31, 2020, it was noted that the ending bank reconciliation balances did not agree with the general ledger cash balances for the Current Fund and certain Other Trust Funds. It is recommended that every effort be made to ensure that the bank reconciliations balances are in agreement with the general ledger cash balances for the Current Fund and Other Trust Funds on a monthly basis.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Finance Records (Cont'd)

The Swimming Pool Operating Fund had a deficit in operations in 2020 due to a shortfall in revenue due to the COVID 19 pandemic. As the deficit has been raised in the 2021 budget and the Borough made every effort to limit the amount of the deficit by cancelling unexpended appropriation balances no recommendation is judged to be warranted.

Management's Response

The Borough will ensure that the bank reconciliations balances are in agreement with the general ledger cash balances for the Current Fund and Other Trust Funds on a monthly basis.

Management Suggestions

Federal and State Grant Appropriated Grant Reserves

The Federal and State Grant Fund has a number of appropriated reserve grant balances that are several years old. It is suggested that these appropriated grant reserve balances be reviewed for cancellation.

Purchase Order Process

During the review of the purchase orders processed during the year we noted that since most of the finance duties are being performed by a small Finance staff, it is not always possible for purchase orders to be physically encumbered in the accounting software prior to orders being placed for certain goods and services. Consideration should be given to maintaining an approval log for these purchases or other similar documentation.

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 Township 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 Township 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.

Reconciling Items on Bank Reconciliations

During our review of bank reconciliations, it was noted that several bank reconciliations have old reconciling items. It is suggested that all reconciling items be reviewed and cancelled if necessary.

BOROUGH OF CHESTER
COMMENTS AND RECOMMENDATIONS
(Continued)

Status of Prior Year Recommendations

The prior year recommendations regarding segregation of duties and the preparation of monthly reports for the outside offices and the reconciliation to the Treasurer's records were not resolved during the current year and are included as current year recommendations. The prior year recommendations regarding building permits being prenumbered and issued in sequential order, a summarized monthly cashbook being prepared for the Zoning/Land Use and Building Inspector Departments, and the Sewer Utility Operating Fund appropriation reserves being periodically reviewed and any necessary budget transfers are made to ensure that overexpenditures do not occur were resolved in the current year.

BOROUGH OF CHESTER
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. A monthly cash receipts ledger is prepared for the Clerk's Office collections, monthly reports are submitted for all outside offices, and all outside department ledgers are reconciled to the Finance Office's records on a monthly basis.
3. Every effort be made to ensure that the bank reconciliation balances are in agreement with the general ledger cash balances for the Current Fund and Other Trust Funds on a monthly basis.

* * * * *