

BOROUGH OF CHATHAM

COUNTY OF MORRIS

REPORT OF AUDIT

2021

NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF CHATHAM
COUNTY OF MORRIS
REPORT OF AUDIT
2021

BOROUGH OF CHATHAM
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021

<u>Part I - Financial Statements and Supplementary Data</u>	<u>Page</u>
Independent Auditors' Report	1-3
<u>Financial Statements</u>	<u>Schedule</u>
<u>Current Fund</u>	
Comparative Balance Sheet – Regulatory Basis	A
Comparative Statement of Operations and Change in Fund Balance – Regulatory Basis	A-1
Statement of Revenue – Regulatory Basis	A-2
Statement of Expenditures – Regulatory Basis	A-3
<u>Trust Funds</u>	
Comparative Balance Sheet – Regulatory Basis	B
<u>General Capital Fund</u>	
Comparative Balance Sheet – Regulatory Basis	C
Statement of General Capital Fund Balance – Regulatory Basis	C-1
<u>Water Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	D
Comparative Statement of Operations and Change in	
Fund Balance – Water Utility Operating Fund – Regulatory Basis	D-1
Statement of Capital Fund Balance – Water Utility Capital Fund – Regulatory Basis	D-1A
Statement of Revenue – Water Utility Operating Fund – Regulatory Basis	D-2
Statement of Expenditures – Water Utility Operating Fund – Regulatory Basis	D-3
<u>Solid Waste Utility Fund</u>	
Comparative Balance Sheet – Regulatory Basis	E
Comparative Statement of Operations and Change in	
Fund Balance – Solid Waste Utility Operating Fund – Regulatory Basis	E-1
Statement of Capital Fund Balance – Solid Waste Utility Operating Fund – Regulatory	
Basis	E-1A
Statement of Revenue – Solid Waste Utility Operating Fund – Regulatory Basis	E-2
Statement of Expenditures – Solid Waste Utility Operating Fund – Regulatory Basis	E-3
<u>Public Assistance Fund (Not Applicable)</u>	
<u>General Fixed Assets Account Group</u>	
Comparative Balance Sheet – Regulatory Basis	G
	<u>Page</u>
<u>Notes to Financial Statements</u>	1-32
<u>Supplementary Data:</u>	
Roster of Officials	1
<u>Current Fund</u>	
Schedule of Cash – Treasurer	A-4
Schedule of Cash – Collector	A-5
Schedule of Cash – Federal and State Grant Fund	A-6
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-7
Schedule of Tax Title Liens	A-8
Schedule of Revenue Accounts Receivable	A-9
Schedule of Sewer Fees Receivable	A-10
Schedule of 2020 Appropriation Reserves	A-11
Schedule of Regional School District Taxes Payable	A-12
Schedule of Grants Receivable – Federal and State Grant Fund	A-13

BOROUGH OF CHATHAM
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

<u>Part I - Financial Statements and Supplementary Data (Cont'd)</u>	<u>Schedule</u>
<u>Supplementary Data (Cont'd)</u>	
Schedule of Unappropriated Reserves – Federal and State Grant Fund	A-14
Schedule of Appropriated Reserves – Federal and State Grant Fund	A-15
<u>Trust Funds</u>	
Schedule of Cash & Investments – Treasurer	B-1
Schedule of Reserve for Animal Control Fund Expenditures	B-2
<u>General Capital Fund</u>	
Schedule of Cash – Treasurer	C-2
Analysis of Cash	C-3
Schedule of Deferred Charges to Future Taxation – Unfunded	C-4
Schedule of Improvement Authorizations	C-5
Schedule of Capital Improvement Fund	C-6
Schedule of Bond Anticipation Notes Payable	C-7
Schedule of General Serial Bonds Payable	C-8
Schedule of New Jersey Infrastructure Trust Loans Payable	C-9
Schedule of New Jersey Infrastructure Trust Construction Loans Payable	C-9A
Schedule of Bonds and Notes Authorized but not Issued	C-10
<u>Water Utility Fund</u>	
Schedule of Cash – Treasurer	D-4
Analysis of Cash – Water Utility Capital Fund	D-5
Schedule of Consumer Accounts Receivable – Water Utility Operating Fund	D-6
Schedule of Inventory – Water Utility Operating Fund (Not Applicable)	
Schedule of Fixed Capital – Water Utility Capital Fund	D-7
Schedule of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	D-8
Schedule of 2020 Appropriation Reserves – Water Utility Operating Fund	D-9
Schedule of Improvement Authorizations – Water Utility Capital Fund	D-10
Schedule of Capital Improvement Fund – Water Utility Capital Fund	D-11
Schedule of Reserve for Amortization – Water Utility Capital Fund	D-12
Schedule of Deferred Reserve for Amortization – Water Utility Capital Fund	D-12A
Schedule of Bond Anticipation Notes Payable – Water Utility Capital Fund	D-13
Schedule of General Serial Bonds Payable – Water Utility Capital Fund	D-14
Schedule of Bonds and Notes Authorized but not Issued – Water Utility Capital Fund	D-15
<u>Solid Waste Utility Fund</u>	
Schedule of Cash – Treasurer	E-4
Analysis of Cash – Solid Waste Utility Capital Fund	E-5
Schedule of Consumer Accounts Receivable – Solid Waste Utility Operating Fund	E-6
Schedule of Fixed Capital – Solid Waste Utility Capital Fund	E-7
Schedule of Fixed Capital Authorized and Uncompleted – Solid Waste Utility Capital Fund	E-8
Schedule of 2020 Appropriation Reserves – Solid Waste Utility Operating Fund	E-9
Schedule of Improvement Authorizations – Solid Waste Utility Capital Fund	E-10
Schedule of Capital Improvement Fund – Solid Waste Utility Capital Fund	E-11
Schedule of Reserve for Amortization – Solid Waste Utility Capital Fund	E-12
Schedule of Deferred Reserve for Amortization – Solid Waste Utility Capital Fund	E-12A
<u>Public Assistance Fund (Not Applicable)</u>	

BOROUGH OF CHATHAM
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

<u>Part II - Single Audit</u>	<u>Page</u>
Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of State Awards	2
Notes to Schedules of Expenditures of Federal and State Awards	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4-5
Schedule of Findings and Responses	6
Summary Schedule of Prior Audit Findings	7
<u>Part III - Comments and Recommendations</u>	
Comments and Recommendations	1-5
Summary of Recommendations	6

BOROUGH OF CHATHAM

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements – *regulatory basis* – of the various funds and account group of the Borough of Chatham in the County of Morris (the "Borough") as of, and for the years ended December 31, 2021 and 2020, and the related notes to financial statements, as listed in the table of contents.

Unmodified Opinions 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 each fund and account group of the Borough as of December 31, 2021 and 2020, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2021 and 2020, and the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws of New Jersey.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The 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 and account group financial statements or to the various fund and account group 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 various fund and account group financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022 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 17, 2022

NISIVOCIA LLP

Francis Jones of Nisivoccia LLP

Francis Jones
Registered Municipal Accountant No. 442
Certified Public Accountant

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
CURRENT FUND

BOROUGH OF CHATHAM
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	Ref.	2021	2020
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 5,887,526.35	\$ 4,754,472.32
Change Fund		300.00	300.00
		<u>5,887,826.35</u>	<u>4,754,772.32</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	265,254.93	451,682.57
Tax Title Liens Receivable	A-8	10,201.01	11,919.37
Property Acquired for Taxes at Assessed Valuation		32,200.00	32,200.00
Revenue Accounts Receivable	A-9	5,626.70	31,470.13
Sewer Fees Receivable	A-10	60,646.40	22,004.41
Due from Animal Control Fund	B	129.15	129.15
Due from General Capital Fund	C	464.37	
		<u>374,522.56</u>	<u>549,405.63</u>
Total Receivables and Other Assets with Full Reserves			
		<u>374,522.56</u>	<u>549,405.63</u>
Deferred Charges:			
Special Emergency Appropriation		545,000.00	624,000.00
		<u>545,000.00</u>	<u>624,000.00</u>
Total Regular Fund			
		<u>6,807,348.91</u>	<u>5,928,177.95</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	451,580.20	
Grants Receivable	A-15	305,246.43	148,933.80
Due from Other Trust Fund	B	750.00	750.00
Due from Current Fund	A	244,690.92	285,342.24
		<u>1,002,267.55</u>	<u>435,026.04</u>
Total Federal and State Grant Fund			
		<u>1,002,267.55</u>	<u>435,026.04</u>
TOTAL ASSETS			
		<u>\$ 7,809,616.46</u>	<u>\$ 6,363,203.99</u>

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

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 181,675.93	\$ 190,483.57
Unencumbered	A-3;A-11	703,265.66	744,806.75
		<u>884,941.59</u>	<u>935,290.32</u>
Due State of New Jersey:			
Senior Citizens' and Veterans' Deductions		32,851.80	32,351.80
Regional School Taxes Payable		682,569.00	
Due to State of New Jersey - Marriage License		75.00	100.00
County Added and Omitted Taxes Payable		33,303.45	18,272.83
Prepaid Taxes		307,554.10	335,146.41
Tax Overpayments		391,128.84	327,014.36
Library Tax Payable		10,888.03	10,888.03
Due to Federal and State Grant Fund	A	244,690.92	285,342.24
Due to Other Trust Funds	B	148,935.06	200,642.20
Due Water Utility Operating Fund	D	39.75	173.80
Due to Solid Waste Utility Operating Fund	E		37,279.65
Reserve for:			
Master Plan		930.00	930.00
Revaluation		249,356.06	350,000.00
FEMA			101,525.93
Rent Security		86,836.70	86,836.70
Sewer Connection Fees		<u>300,000.00</u>	
		<u>3,374,100.30</u>	<u>2,721,794.27</u>
Special Emergency Notes Payable		300,000.00	
Reserve for Receivables and Other Assets	A	374,522.56	549,405.63
Fund Balance	A-1	<u>2,758,726.05</u>	<u>2,656,978.05</u>
Total Regular Fund		<u>6,807,348.91</u>	<u>5,928,177.95</u>
Federal and State Grant Fund:			
Appropriated Reserves	A-14	550,361.07	270,646.56
Unappropriated Reserves	A-13	<u>451,906.48</u>	<u>164,379.48</u>
Total Federal and State Grant Fund		<u>1,002,267.55</u>	<u>435,026.04</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 7,809,616.46</u>	<u>\$ 6,363,203.99</u>

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

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

<u>Revenue and Other Income Realized</u>	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
Fund Balance Utilized		\$ 2,220,000.00	\$ 2,220,000.00
Miscellaneous Revenue Anticipated		3,635,606.86	3,382,774.79
Receipts from:			
Delinquent Taxes		400,244.06	333,951.58
Current Taxes		45,341,619.07	44,392,832.66
Nonbudget Revenue		263,198.29	129,648.28
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		355,746.30	285,080.26
Federal and State Grant Fund - Appropriated Reserves Cancelled			2,178.00
Interfunds and Other Receivables Returned			30,232.09
Total Income		<u>52,216,414.58</u>	<u>50,776,697.66</u>
 <u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		14,003,521.75	13,637,762.17
County Taxes		6,715,739.99	6,873,925.95
Regional School District Taxes		29,018,008.00	28,531,661.00
Borough Open Space Tax		130,268.55	105,576.21
Refund of Prior Year Revenue			25,193.75
Refund of Prior Year Taxes		26,663.92	
Federal and State Grant Fund - Grants Receivable Cancelled			2,178.00
Interfunds and Other Receivables Advanced		464.37	129.15
Total Expenditures		<u>49,894,666.58</u>	<u>49,176,426.23</u>
Excess in Revenue		2,321,748.00	1,600,271.43
Adjustments Before Fund Balance:			
Special Emergency Authorization- Loss of Revenues due to COVID-19			300,000.00
Expenditures Included Above Which are by Statute			
Deferred Charges to Budget of Succeeding Year			175,000.00
Statutory Excess to Fund Balance		2,321,748.00	2,075,271.43
 <u>Fund Balance</u>			
Balance January 1		<u>2,656,978.05</u>	<u>2,801,706.62</u>
		4,978,726.05	4,876,978.05
Decreased by:			
Utilized as Anticipated Revenue		<u>2,220,000.00</u>	<u>2,220,000.00</u>
Balance December 31	A	<u>\$ 2,758,726.05</u>	<u>\$ 2,656,978.05</u>

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

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 2,220,000.00		\$ 2,220,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	11,700.00		14,000.00	\$ 2,300.00
Fees and Permits	55,000.00		56,790.00	1,790.00
Fines and Costs:				
Municipal Court	98,000.00		41,834.14	56,165.86 *
Interest and Costs on Taxes	64,000.00		98,625.09	34,625.09
Interest on Investments and Deposits	30,000.00		9,017.46	20,982.54 *
Parking Meters	372,000.00		245,785.90	126,214.10 *
Sewer User Fees	1,025,000.00		1,125,226.64	100,226.64
Cable TV Franchise Fee	125,000.00		124,462.28	537.72 *
Energy Receipts Tax	569,796.00		569,796.00	
Watershed Moratorium Offset Aid	2,303.00		2,303.00	
Uniform Construction Code Fees	36,000.00		45,915.50	9,915.50
Shared Service - Joint Recreation Director's Services	29,231.00		30,412.12	1,181.12
Farmer's Market Fees	12,000.00		20,226.67	8,226.67
Reserve for Body Armor Replacement Fund	2,178.69		2,178.69	
Body Armor Replacement Fund		\$ 1,727.66	1,727.66	
Reserve for Clean Communities Act	15,723.17		15,723.17	
Clean Communities Act		16,734.49	16,734.49	
Reserve for Drunk Driving Enforcement Fund	4,977.50		4,977.50	
Reserve for Alcohol Education and Rehabilitation Fund	500.12		500.12	
Reserve for Donations - Mayor's Wellness Campaign	2,250.00		2,250.00	
Reserve for NJ DOT- Municipal Aid:				
2018 - Hillside Avenue Improvement Project	138,750.00			138,750.00 *
Municipal Alliance on Alcoholism and Drug Abuse:				
County Supplemental		17,073.00	17,073.00	
Body Worn Camera Grant		50,950.00	50,950.00	
EMAA Grant - Emergency Management		10,000.00	10,000.00	
Chatham River Road Public Improvements		150,000.00	150,000.00	
Morris County Trails Grant		88,289.63	88,289.63	
Lease of Municipal Property	645,000.00		675,807.80	30,807.80
Water Utility Operating Surplus of Prior Year	215,000.00		215,000.00	
Total Miscellaneous Revenue	3,454,409.48	334,774.78	3,635,606.86	153,577.40 *
Receipts from Delinquent Taxes	357,500.00		400,244.06	42,744.06
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	8,738,739.54		10,436,170.07	1,697,430.53
Minimum Library Tax	851,432.46		851,432.46	
	9,590,172.00		11,287,602.53	1,697,430.53
Budget Totals	15,622,081.48	334,774.78	17,543,453.45	1,586,597.19
Nonbudget Revenue			263,198.29	263,198.29
	\$ 15,622,081.48	\$ 334,774.78	\$ 17,806,651.74	\$ 1,849,795.48

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Allocation of Current Tax Collections:

Collections	\$ 45,341,619.07
Allocated to:	
School, County and Open Space Taxes	35,864,016.54
	<u>9,477,602.53</u>
 Add: Appropriation "Reserve for Uncollected Taxes"	 1,810,000.00
 Amount for Support of Municipal Budget	 <u>\$ 11,287,602.53</u>

Analysis of Fees and Permits:

Planning, Assessment and Zoning Board	\$ 37,530.00
Health Officer	11,594.00
Gun Permits	625.00
Fire Safety Permits	7,041.00
	<u>\$ 56,790.00</u>

Analysis of Interest on Deposits

Cash Received	\$ 7,924.91
Due from Federal and State Grant Fund	21.04
Due from Other Trust Fund	607.14
Due from General Capital Fund	464.37
	<u>\$ 9,017.46</u>

Analysis of Sewer User Fees

Cash Received	\$ 1,125,092.59
Due from Water Utility Operating Fund	134.05
	<u>\$ 1,125,226.64</u>

Analysis of Nonbudget Revenue:

Treasurer:	
FEMA - Tropical Storm Isaias	\$ 110,431.93
FEMA - NJ Severe Winter Storm and Snowstorm	4,457.49
Pool Badges	52,764.70
Prior Year Refunds	45,772.22
State of New Jersey - UFS (Life Hazard User Fees)	15,330.90
State of New Jersey - Senior Citizens and Veterans	
Deductions Administrative Fee	505.00
Other Miscellaneous	33,936.05
	<u>\$ 263,198.29</u>

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

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

Operations Within "CAPS":

GENERAL GOVERNMENT:

General Administration:

Salaries and Wages:

Other Expenses:

Community Services:

Salaries and Wages

Other Expenses

Human Services:

Salaries and Wages

Other Expenses

Mayor and Council:

Other Expenses

Borough Clerk:

Salaries and Wages

Other Expenses

Financial Administration:

Salaries and Wages

Other Expenses

Audit Services:

Other Expenses

Tax Collection:

Salaries and Wages

Other Expenses

Tax Assessment:

Salaries and Wages

Other Expenses

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
\$	143,890.00	\$ 144,290.00	\$ 144,290.00		
	144,750.00	144,750.00	96,260.69	\$ 48,489.31	
	141,425.00	141,425.00	122,133.24	19,291.76	
	20,700.00	20,700.00	13,472.84	7,227.16	
	28,560.00	28,560.00	16,642.13	11,917.87	
	8,000.00	8,000.00	6,113.00	1,887.00	
	2,500.00	2,500.00	2,023.49	476.51	
	150,905.00	152,605.00	152,524.31	80.69	
	29,000.00	34,000.00	31,997.67	2,002.33	
	200,130.00	200,130.00	190,333.72	9,796.28	
	98,500.00	98,500.00	78,540.04	19,959.96	
	36,000.00	36,000.00	36,000.00		
	64,070.00	64,070.00	61,046.40	3,023.60	
	6,600.00	6,600.00	3,251.29	3,348.71	
	49,410.00	49,410.00	40,952.78	8,457.22	
	29,500.00	29,500.00	18,839.50	10,660.50	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
Legal Services and Costs:					
Other Expenses	\$ 100,000.00	\$ 130,000.00	\$ 107,236.67	\$ 22,763.33	
Municipal Court - Joint Court:					
Other Expenses	178,600.00	98,800.00	84,915.68	13,884.32	
Engineering Services and Costs:					
Salaries and Wages	58,710.00	48,710.00	47,795.22	914.78	
Other Expenses	6,500.00	21,500.00	17,765.99	3,734.01	
Historical Preservation Commission:					
Other Expenses	1,000.00	1,000.00	41.28	958.72	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (NJS 40:55D-1):					
Planning Board:					
Salaries and Wages	36,810.00	31,810.00	26,540.69	5,269.31	
Other Expenses	23,500.00	23,500.00	18,671.35	4,828.65	
Board of Adjustment:					
Salaries and Wages	36,810.00	39,510.00	39,012.86	497.14	
Other Expenses	8,300.00	8,300.00	7,226.93	1,073.07	
PUBLIC SAFETY:					
Police:					
Salaries and Wages	3,208,534.00	3,208,534.00	3,044,964.20	163,569.80	
Other Expenses	179,488.00	179,488.00	177,015.23	2,472.77	
Purchase of Police Vehicles	18,300.00	18,300.00	17,259.36	1,040.64	
Police Dispatching:					
Other Expenses	205,555.00	205,555.00	205,553.47	1.53	
Project Pride:					
Other Expenses	30,600.00	30,600.00	30,600.00		

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC SAFETY (Continued):					
Parking:					
Salaries and Wages	\$ 114,740.00	\$ 114,740.00	\$ 105,466.95	\$ 9,273.05	
Other Expenses	19,500.00	19,500.00	9,125.02	10,374.98	
Emergency Management Services:					
Salaries and Wages	8,510.00	8,510.00	8,500.08	9.92	
Other Expenses	2,250.00	2,250.00	605.78	1,644.22	
Emergency Squad:					
Other Expenses	15,000.00	15,000.00	15,000.00		
Fire:					
Salaries and Wages	50,800.00	50,800.00	48,208.71	2,591.29	
Other Expenses	96,045.00	96,045.00	83,450.69	12,594.31	
Fire Safety Official:					
Salaries and Wages	63,200.00	63,200.00	53,453.43	9,746.57	
Other Expenses	6,000.00	6,000.00	4,593.00	1,407.00	
PUBLIC WORKS FUNCTIONS:					
Road Repair and Maintenance:					
Salaries and Wages	995,900.00	995,900.00	964,873.45	31,026.55	
Other Expenses	151,100.00	151,100.00	126,214.91	24,885.09	
Shade Tree:					
Other Expenses	25,000.00	25,000.00	21,182.02	3,817.98	
Public Buildings and Grounds:					
Other Expenses	71,500.00	71,500.00	63,910.06	7,589.94	
Vehicle Maintenance:					
Salaries and Wages	102,850.00	114,850.00	114,850.00		
Other Expenses	68,500.00	78,500.00	67,640.94	10,859.06	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PUBLIC WORKS FUNCTIONS (Continued):					
Community Service - Condo Costs:					
Other Expenses	\$ 2,000.00	\$ 2,000.00		\$ 2,000.00	
HEALTH AND HUMAN SERVICE FUNCTIONS:					
Board of Health:					
Salaries and Wages	14,600.00	14,600.00	\$ 14,589.36	10.64	
Other Expenses	98,338.00	98,338.00	92,229.50	6,108.50	
Environmental Commission:					
Salaries and Wages	8,370.00	8,370.00	8,366.64	3.36	
Other Expenses	2,300.00	2,300.00	243.72	2,056.28	
Animal Control:					
Other Expenses	2,000.00	2,000.00	2,000.00		
PARK AND RECREATION FUNCTIONS:					
Recreation Services and Programs:					
Salaries and Wages	107,460.00	108,460.00	108,460.00		
Other Expenses	27,200.00	27,200.00	20,529.18	6,670.82	
Senior Citizen Center Transportation:					
Other Expenses	25,000.00	25,000.00	25,000.00		
Parks and Playgrounds:					
Other Expenses	56,500.00	56,500.00	48,283.93	8,216.07	
OTHER COMMON OPERATING FUNCTIONS:					
Accumulated Leave Compensation	15,000.00	15,000.00	15,000.00		
Celebration of Public Events:					
Other Expenses	6,000.00	6,000.00	6,000.00		
UTILITY EXPENSES AND BULK PURCHASES:					
Utilities:					
Other Expenses	414,010.00	409,010.00	351,965.04	57,044.96	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
Operations Within "CAPS" (Continued):					
INSURANCE:					
General Liability	\$ 142,177.00	\$ 142,177.00	\$ 131,541.00	\$ 10,636.00	
Worker's Compensation Insurance	128,177.00	128,177.00	128,177.00		
Employee Group Health	571,200.00	571,200.00	512,049.30	59,150.70	
Health Benefits Waiver	55,000.00	55,000.00	44,999.52	10,000.48	
Unemployment Compensation Insurance	17,500.00	17,500.00	17,327.59	172.41	
Total Operations Within "CAPS"	8,730,374.00	8,708,374.00	8,052,856.85	655,517.15	
Contingent	4,000.00	4,000.00		4,000.00	
Total Operations Including Contingent Within "CAPS"	8,734,374.00	8,712,374.00	8,052,856.85	659,517.15	
Detail:					
Salaries and Wages	5,600,684.00	5,603,484.00	5,328,004.17	275,479.83	
Other Expenses	3,133,690.00	3,108,890.00	2,724,852.68	384,037.32	
Deferred Charges and Statutory Expenditures - Municipal					
Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System of NJ	252,402.00	252,402.00	252,402.00		
Police and Fireman's Retirement System of NJ	794,274.00	794,274.00	794,274.00		
Defined Contribution Retirement Program	2,000.00	2,000.00	1,032.81	967.19	
Social Security System (O.A.S.I.)	230,520.00	252,520.00	248,844.85	3,675.15	

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
Public and Private Programs Offset by Revenues (Continued):					
Chatham River Road Public Improvements					
(N.J.S.A. 40A-87 + \$150,000.00)		\$ 150,000.00	\$ 150,000.00		
Morris County Trails Grant (N.J.S.A. 40A-87 + \$88,289.63)		88,289.63	88,289.63		
Reserve for NJ DOT- Municipal Aid:					
2018 - Hillside Avenue Improvement Project	\$ 138,750.00	138,750.00			\$ 138,750.00
Total Operations Excluded from "CAPS"	1,803,311.48	2,138,086.26	1,960,230.09	\$ 39,106.17	\$ 138,750.00
Detail:					
Other Expenses	1,803,311.48	2,138,086.26	1,960,230.09	39,106.17	138,750.00
Capital Improvements-Excluded from "CAPS":					
Capital Improvement Fund	90,000.00	90,000.00	90,000.00		
Total Capital Improvements Excluded from "CAPS"	90,000.00	90,000.00	90,000.00		
Municipal Debt Service Excluded from "CAPS":					
Payment of Bond Principal	1,421,700.00	1,421,700.00	1,421,620.00		80.00
Payment of Bond Anticipation Notes	55,000.00	55,000.00	55,000.00		
Interest on Bonds	141,000.00	141,000.00	140,830.67		169.33
Interest on Notes	26,000.00	26,000.00	22,022.09		3,977.91
New Jersey Wastewater Treatment Financing Program					
Principal & Interest on Loans	182,500.00	182,500.00	182,142.73		357.27
Total Municipal Debt Service Excluded from "CAPS"	1,826,200.00	1,826,200.00	1,821,615.49		4,584.51

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Appropriations		Expended By		Unexpended
	Budget	Budget After Modification	Paid or Charged	Reserved	Balance Canceled
Deferred Charges - Municipal - Excluded from "CAPS"; Special Emergency Authorizations	\$ 79,000.00	\$ 79,000.00	\$ 79,000.00		
Total Deferred Charges - Municipal - Excluded from "CAPS"	79,000.00	79,000.00	79,000.00		
Total General Appropriations Excluded from "CAPS"	3,798,511.48	4,133,286.26	3,950,845.58	\$ 39,106.17	\$ 143,334.51
Subtotal General Appropriations	13,812,081.48	14,146,856.26	13,300,256.09	703,265.66	143,334.51
Reserve for Uncollected Taxes	1,810,000.00	1,810,000.00	1,810,000.00		
Total General Appropriations	\$ 15,622,081.48	\$ 15,956,856.26	\$ 15,110,256.09	\$ 703,265.66	\$ 143,334.51

Ref.

A

BOROUGH OF CHATHAM
CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021
(Continued)

	<u>Ref.</u>	<u>Analysis of</u>	
		<u>Budget After</u>	<u>Paid or</u>
		<u>Modification</u>	<u>Charged</u>
Adopted Budget		\$ 15,622,081.48	
Appropriation by NJSA 40A:4-87		<u>334,774.78</u>	
		<u>\$ 15,956,856.26</u>	
Cash Disbursed			\$ 13,047,449.20
Reserve for Encumbrances	A		181,675.93
Due Federal and State Grant Fund - Appropriated Reserves			364,154.26
Due Federal and State Grant Fund			347.32
Reserve for Uncollected Taxes			1,810,000.00
Deferred Charges:			
Special Emergency Authorizations (N.J.S.A. 40A:4-53)			<u>79,000.00</u>
			<u>15,482,626.71</u>
Less: Appropriation Refunds			<u>372,370.62</u>
			<u>\$ 15,110,256.09</u>

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

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
TRUST FUNDS

BOROUGH OF CHATHAM
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 17,903.44	\$ 20,173.75
		<u>17,903.44</u>	<u>20,173.75</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	2,395,851.53	1,988,539.07
Due from Current Fund	A	148,935.06	200,642.20
Due from General Capital Fund	C	50.00	50.00
		<u>2,544,836.59</u>	<u>2,189,231.27</u>
TOTAL ASSETS		<u>\$ 2,562,740.03</u>	<u>\$ 2,209,405.02</u>

BOROUGH OF CHATHAM
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due State Board of Health		\$ 33.00	\$ 33.00
Due to Current Fund	A	129.15	129.15
Reserve for Animal Control Expenditures	B-3	17,741.29	20,011.60
		<u>17,903.44</u>	<u>20,173.75</u>
Other Trust Funds:			
Due to State and Federal Grant Fund	A	750.00	750.00
Reserve For:			
Recreation		250,796.58	249,736.98
Disposal of Forfeited Assets		26,899.52	26,870.71
COAH		521,788.50	583,516.44
Open Space		6,494.04	11,682.03
Police Services		252,682.63	224,792.05
Unemployment Trust		18,143.08	18,133.85
Special Deposits (Escrow)		462,425.59	277,788.26
Public Offenses Adjudication Act		17,762.63	17,394.63
Recycling		28,092.59	27,425.19
Fire Safety		3,529.31	3,529.31
Tax Sale Premium		147,200.00	198,300.00
Accumulated Absences		150,000.00	31,777.05
Art Council Donations		8,648.88	8,648.88
Chatham Police 100th Anniversary		308.20	308.20
Chatham Spring Cleaning		22,359.79	21,673.48
Environmental Commission		1,272.10	1,272.10
Kevin Coughlin Bequest		24,552.60	24,552.60
John Kruski Bequest		33,932.34	34,265.00
Train Station 100th Anniversary		500.00	500.00
Beekeepers Club		865.82	382.07
Shade Tree Commission		6,475.00	5,975.00
Storm Recovery		156,755.79	
Community Garden Recreation		14,806.12	14,401.42
Tri-Centennial Celebration		6,290.74	2,130.00
Monuments and Memorial Donations		7,329.52	7,329.52
Fishawack Celebration		902.17	4,044.01
Public Safety Donations		43,052.49	42,052.49
Stanley Property Donation		322,720.56	350,000.00
Stanley Property Concert Donation		7,500.00	
		<u>2,544,836.59</u>	<u>2,189,231.27</u>
TOTAL LIABILITIES AND RESERVES		\$ 2,562,740.03	\$ 2,209,405.02

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

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
GENERAL CAPITAL FUND

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

		December 31,	
	Ref.	2021	2020
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,429,454.99	\$ 1,270,119.73
Grants Receivable:			
NJ Department of Transportation		316,297.41	272,047.41
Library Aid		22,750.00	22,750.00
NJ Environmental Infrastructure Loans Receivable		491,355.00	1,347,707.00
Deferred Charges to Future Taxation:			
Funded		10,019,319.81	10,998,610.47
Unfunded	C-4	4,401,000.00	4,251,570.00
TOTAL ASSETS		\$ 16,680,177.21	\$ 18,162,804.61
<u>LIABILITIES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 5,324,000.00	\$ 6,874,000.00
New Jersey Environmental Infrastructure Loans Payable	C-9	4,695,319.81	4,124,610.47
Bond Anticipation Notes Payable	C-7	3,180,000.00	2,027,000.00
Improvement Authorizations:			
Funded	C-5	1,038,896.01	1,918,131.57
Unfunded	C-5	2,272,349.43	3,180,614.36
Due to Current Fund	A	464.37	
Due to Other Trust Funds	B	50.00	50.00
Capital Improvement Fund	C-6	41,474.37	4,144.37
Reserve for Payment of Debt Service		68,174.00	8,174.00
Reserve for Sustainable Energy Grant		20,000.00	20,000.00
Fund Balance	C-1	39,449.22	6,079.84
TOTAL LIABILITIES AND FUND BALANCE		\$ 16,680,177.21	\$ 18,162,804.61

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

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

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 6,079.84
Increased by:		
Premium on Bond Anticipation Notes		<u>33,369.38</u>
Balance December 31, 2021	C	<u><u>\$ 39,449.22</u></u>

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

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
WATER UTILITY FUND

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

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 900,853.58	\$ 871,104.81
Due from Current Fund	A	39.75	173.80
Due from Water Utility Capital Fund	D	2,301.87	1.58
		<u>903,195.20</u>	<u>871,280.19</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>107,463.58</u>	<u>106,794.08</u>
Total Receivables with Full Reserves		<u>107,463.58</u>	<u>106,794.08</u>
Total Operating Fund		<u>1,010,658.78</u>	<u>978,074.27</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	702,922.39	490,304.32
Fixed Capital	D-7	7,479,943.64	6,873,413.79
Fixed Capital Authorized and Uncompleted	D-8	<u>2,260,865.15</u>	<u>2,389,882.22</u>
Total Capital Fund		<u>10,443,731.18</u>	<u>9,753,600.33</u>
TOTAL ASSETS		<u>\$ 11,454,389.96</u>	<u>\$ 10,731,674.60</u>

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

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2021</u>	<u>2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 100,026.23	\$ 357,922.29
Encumbered	D-3;D-9	11,128.75	18,036.61
		<u>111,154.98</u>	<u>375,958.90</u>
Water Rent Overpayments		3,768.44	3,420.14
Accrued Interest on Bonds		7,907.23	3,583.72
Accrued Interest on Notes		3,419.79	2,341.32
		<u>126,250.44</u>	<u>385,304.08</u>
Reserve for Receivables	D	107,463.58	106,794.08
Fund Balance	D-1	<u>776,944.76</u>	<u>485,976.11</u>
Total Operating Fund		<u>1,010,658.78</u>	<u>978,074.27</u>
Capital Fund:			
Bond Anticipation Notes Payable	D-13	469,000.00	358,000.00
Serial Bonds Payable	D-14	1,315,000.00	1,625,000.00
Due to Water Utility Operating Fund	D	2,301.87	1.58
Improvement Authorizations:			
Funded	D-10	352,024.32	247,689.69
Unfunded	D-10	384,684.56	189,601.41
Capital Improvement Fund	D-11	182,537.02	180,337.02
Reserve for Amortization	D-12	6,782,223.79	6,421,952.22
Deferred Reserve for Amortization	D-12A	933,285.00	708,343.79
Fund Balance	D-1A	<u>22,674.62</u>	<u>22,674.62</u>
Total Capital Fund		<u>10,443,731.18</u>	<u>9,753,600.33</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 11,454,389.96</u>	<u>\$ 10,731,674.60</u>

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

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

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	136,500.00	\$ 316,000.00
Water Rents		1,735,499.46	1,737,931.84
Miscellaneous Revenue Anticipated		1,497.93	25,893.58
Miscellaneous Revenue Not Anticipated		328,189.67	
Other Credits to Income:			
Overpayments Cancelled		4.88	
Unexpended Balance of Appropriation Reserves		152,276.71	47,463.50
		<u>2,353,968.65</u>	<u>2,127,288.92</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		1,122,376.00	1,105,400.00
Capital Improvements		34,900.00	221,600.00
Debt Service		393,500.00	395,887.94
Deferred Charges and Statutory Expenditures		160,724.00	173,228.42
		<u>1,711,500.00</u>	<u>1,896,116.36</u>
Excess in Revenue		642,468.65	231,172.56
<u>Fund Balance</u>			
Balance January 1		485,976.11	785,803.55
		1,128,444.76	1,016,976.11
Decreased by:			
Utilization as Anticipated Revenue:			
Water Utility Operating Budget		136,500.00	316,000.00
Current Fund Budget		215,000.00	215,000.00
		<u>215,000.00</u>	<u>215,000.00</u>
Balance December 31	D	<u>\$ 776,944.76</u>	<u>\$ 485,976.11</u>

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

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2020	D	<u>\$ 22,674.62</u>
Balance December 31, 2021	D	<u><u>\$ 22,674.62</u></u>

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

BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 136,500.00	\$ 136,500.00	
Water Rents	1,550,000.00	1,735,499.46	\$ 185,499.46
Miscellaneous Revenue	<u>25,000.00</u>	<u>1,497.93</u>	<u>23,502.07 *</u>
	1,711,500.00	1,873,497.39	209,001.53
Miscellaneous Revenue Not Anticipated		<u>328,189.67</u>	<u>328,189.67</u>
Budget Totals	<u>\$ 1,711,500.00</u>	<u>\$ 2,201,687.06</u>	<u>\$ 537,191.20</u>

Analysis of Water Rents

Consumer Accounts Receivable	\$ 1,721,550.01
Water Rent Overpayments Applied	<u>13,949.45</u>
	<u>\$ 1,735,499.46</u>

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:

Bulk Water	\$ 3,650.00
Water Tap and Meters	<u>324,365.00</u>
	328,015.00

Interest on Investments - Due from Water Utility Capital Fund	<u>174.67</u>
	<u>\$ 328,189.67</u>

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

BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER, 31 2021

	Appropriations		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 649,976.00	\$ 649,976.00	\$ 587,156.53	\$ 62,819.47
Other Expenses	472,400.00	472,400.00	453,324.47	19,075.53
Capital Improvements:				
Capital Improvement Fund	34,900.00	34,900.00	34,900.00	
Debt Service:				
Payment of Bond Principal	310,000.00	310,000.00	310,000.00	
Payment of Bond Anticipation Notes	39,000.00	39,000.00	39,000.00	
Interest on Bonds	40,500.00	40,500.00	40,500.00	
Interest on Notes	4,000.00	4,000.00	4,000.00	
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	110,000.00	110,000.00	100,000.00	10,000.00
Social Security System (O.A.S.I.)	48,500.00	48,500.00	42,592.77	5,907.23
Unemployment Compensation Insurance	2,224.00	2,224.00		2,224.00
	<u>\$ 1,711,500.00</u>	<u>\$ 1,711,500.00</u>	<u>\$ 1,611,473.77</u>	<u>\$ 100,026.23</u>

Ref.

D

Cash Disbursed	\$ 1,555,845.02
Accrued Interest on Bonds	40,500.00
Accrued Interest on Notes	4,000.00
Encumbrances	11,128.75
D	
	<u>\$ 1,611,473.77</u>

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

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
SOLID WASTE UTILITY FUND

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

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 376,626.53	\$ 317,344.23
Due from Current Fund	A		37,279.65
		<u>376,626.53</u>	<u>354,623.88</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-6	<u>16,506.76</u>	<u>16,330.20</u>
Total Receivables with Full Reserves		<u>16,506.76</u>	<u>16,330.20</u>
Total Operating Fund		<u>393,133.29</u>	<u>370,954.08</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	67,829.00	
Fixed Capital	E-7	18,000.00	18,000.00
Fixed Capital Authorized and Uncompleted	E-8	<u>72,000.00</u>	
Total Capital Fund		<u>157,829.00</u>	<u>18,000.00</u>
TOTAL ASSETS		<u>\$ 550,962.29</u>	<u>\$ 388,954.08</u>

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

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 106,469.79	\$ 61,927.51
Encumbered	E-3;E-9	56,783.90	39,480.61
		<u> 163,253.69</u>	<u> 101,408.12</u>
Solid Waste User Overpayments		<u> 3,793.23</u>	<u> 2,408.09</u>
		<u> 167,046.92</u>	<u> 103,816.21</u>
Reserve for Receivables	E	16,506.76	16,330.20
Fund Balance	E-1	<u> 209,579.61</u>	<u> 250,807.67</u>
Total Operating Fund		<u> 393,133.29</u>	<u> 370,954.08</u>
Capital Fund:			
Improvement Authorizations:			
Funded	E-10	56,829.00	
Capital Improvement Fund	E-11	11,000.00	
Reserve for Amortization	E-12	18,000.00	18,000.00
Deferred Reserve for Amortization	E-12A	<u> 72,000.00</u>	
Total Capital Fund		<u> 157,829.00</u>	<u> 18,000.00</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE			
		<u>\$ 550,962.29</u>	<u>\$ 388,954.08</u>

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

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

	Year Ended December 31,	
<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 119,890.00	\$ 145,359.00
Solid Waste User Fees	710,302.88	672,980.37
Miscellaneous Revenue Anticipated	331.04	5,088.31
Rents Rate Increase	75,000.00	
Recycling Tonnage Grant	23,275.11	
Miscellaneous Revenue Not Anticipated	18,507.63	
Other Credits to Income:		
Overpayments Cancelled	298.31	182.39
Unexpended Balance of Appropriation Reserves	4,222.08	3,299.84
Total Income	951,827.05	826,909.91
<u>Expenditures</u>		
Operating and Emergency Appropriations	797,065.11	739,900.00
Capital Improvements	53,000.00	30,000.00
Debt Service		53,458.01
Deferred Charges and Statutory Expenditures	23,100.00	
Total Expenditures	873,165.11	823,358.01
Excess/(Deficit) in Revenue	78,661.94	3,551.90
<u>Fund Balance</u>		
Balance January 1	250,807.67	392,614.77
	329,469.61	396,166.67
Decreased by:		
Utilization as Anticipated Revenue:		
Solid Waste Utility Operating Budget	119,890.00	145,359.00
Balance December 31	E \$ 209,579.61	\$ 250,807.67

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

BOROUGH OF CHATHAM
SOLID WASTE UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ -0-
Balance December 31, 2021	E	\$ -0-

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

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2021

	<u>Anticipated</u>	<u>Added by NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 119,890.00		\$ 119,890.00	
Solid Waste User Fees	650,000.00		710,302.88	\$ 60,302.88
Miscellaneous Revenue	5,000.00		331.04	4,668.96 *
Rents - Rate Increase	75,000.00		75,000.00	
Recycling Tonnage Grant		\$ 23,275.11	23,275.11	
	<u>849,890.00</u>	<u>23,275.11</u>	<u>928,799.03</u>	<u>55,633.92</u>
Miscellaneous Revenue Not Anticipated			<u>18,507.63</u>	<u>18,507.63</u>
 Budget Totals	 <u><u>\$ 849,890.00</u></u>	 <u><u>\$ 23,275.11</u></u>	 <u><u>\$ 947,306.66</u></u>	 <u><u>\$ 74,141.55</u></u>

Analysis of Solid Waste User Fees

Collections	\$ 778,382.63
Overpayments Applied	6,920.25
Rents - Rate Increase	<u>(75,000.00)</u>
	<u><u>\$ 710,302.88</u></u>

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:

Recycling Sales	\$ 18,279.65
Interest on Investments	<u>227.98</u>
	<u><u>\$ 18,507.63</u></u>

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER, 31 2021

	Appropriations		Expended by	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 115,560.00	\$ 115,560.00	\$ 113,208.77	\$ 2,351.23
Other Expenses (N.J.S.A. 40A: 4-87 + \$23,275.11)	658,230.00	681,505.11	578,694.39	102,810.72
Capital Improvements:				
Capital Improvement Fund	53,000.00	53,000.00	53,000.00	
Deferred Charges and Statutory Expenditures:				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	13,500.00	13,500.00	13,500.00	
Social Security System (O.A.S.I.)	8,600.00	8,600.00	8,292.16	307.84
Unemployment Compensation Insurance	1,000.00	1,000.00		1,000.00
	<u>\$ 849,890.00</u>	<u>\$ 873,165.11</u>	<u>\$ 766,695.32</u>	<u>\$ 106,469.79</u>
Ref.				E
Adopted Budget		\$ 849,890.00		
Appropriation by N.J.S.A. 40A: 4-87		<u>23,275.11</u>		
		<u>\$ 873,165.11</u>		
Cash Disbursed			\$ 709,911.42	
Encumbrances			<u>56,783.90</u>	
			<u>\$ 766,695.32</u>	

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

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2021	2020
<u>ASSETS</u>		
Land	\$ 32,596,600.00	\$ 32,596,600.00
Buildings and Improvements	29,454,900.00	29,454,900.00
Equipment	6,958,150.00	6,729,167.00
<u>TOTAL ASSETS</u>	<u>\$ 69,009,650.00</u>	<u>\$ 68,780,667.00</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Reserve for Fixed Assets	<u>\$ 69,009,650.00</u>	<u>\$ 68,780,667.00</u>

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

1

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

2

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

B. Description of Funds (Cont'd)

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

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

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

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

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

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

C. Basis of Accounting

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

The following is a summary of the significant accounting policies.

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

3

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

C. Basis of Accounting (Cont'd)

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

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

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

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

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

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

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

4

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost,

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

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

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

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

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

Inventories of Supplies – The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

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

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

5

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

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

General Fixed Assets Account Group (Cont'd)

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

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

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

6

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	December 31,		
	2021	2020	2019
<u>Issued:</u>			
General:			
Bonds, Loans and Notes	\$ 13,199,319.81	\$ 13,025,610.00	\$ 13,752,151.00
Water Utility:			
Bonds and Notes	1,784,000.00	1,983,000.00	2,328,500.00
Total Issued	<u>14,983,319.81</u>	<u>15,008,610.00</u>	<u>16,080,651.00</u>
<u>Authorized but not Issued:</u>			
General:			
Bonds and Notes	1,221,000.00	2,224,570.00	2,131,320.00
Water Utility:			
Bonds and Notes	241,300.00	150,000.00	162,504.17
Total Authorized but not Issued	<u>1,462,300.00</u>	<u>2,374,570.00</u>	<u>2,293,824.17</u>
Less:			
Funds Temporarily Held to Pay			
Bonds, Notes and Loans:			
Reserve for Payment of			
Debt Service	68,174.00	8,174.00	8,174.00
Net Bonds, Notes and Loans Issued			
and Authorized but not Issued	<u>\$ 16,377,445.81</u>	<u>\$ 17,375,006.00</u>	<u>\$ 18,366,301.17</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

7

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

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

	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Serial Bonds:				
General Capital Fund	\$ 6,874,000.00		\$ 1,550,000.00	\$ 5,324,000.00
Water Utility	1,625,000.00		310,000.00	1,315,000.00
Bond Anticipation /				
Emergency Notes:				
General Capital Fund	2,027,000.00	\$ 3,180,000.00	2,027,000.00	3,180,000.00
Water Utility	358,000.00	469,000.00	358,000.00	469,000.00
Current Fund		300,000.00		300,000.00
NJ Environmental				
Infrastructure Loan:				
General Capital	4,124,610.47	728,000.00	157,290.66	4,695,319.81
Total	<u>\$ 15,008,610.47</u>	<u>\$ 4,677,000.00</u>	<u>\$ 4,402,290.66</u>	<u>\$ 15,283,319.81</u>
	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Serial Bonds:				
General Capital Fund	\$ 8,444,000.00		\$ 1,570,000.00	\$ 6,874,000.00
Water Utility	1,930,000.00		305,000.00	1,625,000.00
Bond Anticipation Notes:				
General Capital Fund	1,025,250.00	\$ 2,027,000.00	1,025,250.00	2,027,000.00
Water Utility	398,500.00	358,000.00	398,500.00	358,000.00
NJ Environmental				
Infrastructure Loan:				
General Capital	4,282,901.13		158,290.66	4,124,610.47
Total	<u>\$ 16,080,651.13</u>	<u>\$ 2,385,000.00</u>	<u>\$ 3,457,040.66</u>	<u>\$ 15,008,610.47</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.546%.

	Gross Debt	Deductions	Net Debt
Regional School District Debt	\$ 14,352,352.48	\$ 14,352,352.48	
Water Utility Debt	2,025,300.00	2,025,300.00	
General Debt	14,420,319.81	68,174.00	\$ 14,352,145.81
	<u>\$ 30,797,972.29</u>	<u>\$ 16,445,826.48</u>	<u>\$ 14,352,145.81</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

8

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

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

Net Debt: \$14,352,145.81 divided by Average Equalized Valuations of \$2,630,559,971.33 of Real Property = 0.546%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 92,069,599.00
Net Debt	<u>14,352,145.81</u>
Remaining Borrowing Power	<u><u>\$ 77,717,453.19</u></u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 2,201,687.06
Deductions:	
Operating and Maintenance Cost	\$ 1,283,100.00
Debt Service	<u>393,500.00</u>
Total Deductions	<u>1,676,600.00</u>
Excess in Revenue	<u><u>\$ 525,087.06</u></u>

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

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

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

Analysis of Debt Issued and Outstanding at December 31, 2021

General Capital Serial Bonds

Description	Final Maturity	Rate	Amount
General Improvement Bonds of 2011	08/15/23	2.50%	\$ 1,319,000.00
General Improvement Bonds of 2017	04/01/29	1.50-2.00%	4,005,000.00
			<u>\$ 5,324,000.00</u>

Water Utility Capital Serial Bonds

Description	Final Maturity	Rate	Amount
Water Bonds of 2002	08/01/22	4.75%	\$ 89,000.00
Water Bonds of 2011	08/15/23	2.50%	186,000.00
Water Bonds Refunding Series 2016	12/15/26	1.37%	280,000.00
Water Bonds of 2017	04/01/29	2.00-3.00%	760,000.00
			<u>\$ 1,315,000.00</u>

General Capital - Bond Anticipation Notes Payable

Purpose	Final Maturity	Rate	Amount
Replace Turf Field at Lum Avenue Field	5/20/2022	1.25%	\$ 165,750.00
Various Improvements and Acquisition of Equipment	5/20/2022	1.25%	804,500.00
Various Improvements and Acquisition of Equipment	5/20/2022	1.25%	1,114,750.00
Replacing Equipment and Machinery	5/20/2022	1.25%	1,095,000.00
			<u>\$ 3,180,000.00</u>

Water Utility - Bond Anticipation Notes Payable

Purpose	Final Maturity	Rate	Amount
Various Improvements	5/20/2022	1.25%	\$ 319,000.00
Various Purchases and Improvements	5/20/2022	1.25%	150,000.00
			<u>\$ 469,000.00</u>

Current Fund - Special Emergency Note Payable

Purpose	Final Maturity	Rate	Amount
Special Emergency	2/10/2022	0.56%	\$ 300,000.00
			<u>\$ 300,000.00</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

10

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

Analysis of Debt Issued and Outstanding at December 31, 2021 (Cont'd)

General Capital - New Jersey Infrastructure Trust Loans Payable

Purpose	Final Maturity	Rate	Amount
Sanitary Sewer Lining and Pipe Replacing	8/1/2029	3.50-4.00%	\$ 287,587.25
Rehabilitation of Madison-Chatham Joint Meeting	8/1/2034	4.00-5.00%	716,169.53
Rehabilitation of Madison-Chatham Joint Meeting	8/1/2029	3.50-4.00%	233,563.03
Madison-Chatham Joint Meeting Molitor Pollution Control Facility	6/30/2023	0.00%	3,458,000.00
			<u>\$ 4,695,319.81</u>
TOTAL DEBT ISSUED AND OUTSTANDING			<u>\$ 15,283,319.81</u>

N.J Environmental Infrastructure Loans

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

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

As of December 31, 2021, the Madison-Chatham Joint Meeting has borrowed or "drawn down" \$2,966,645 of the \$3,458,000 Loan funds necessary to complete the improvements to the Madison-Chatham Joint Meeting's Molitor Water Pollution Control Facility partially funded with the Loan funds. Principal payment to the NJEIT for the loan will be due on June 30, 2023 at zero interest. Also, an administrative fee of four tenths of one percent (.40%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans. The NJEIT provided funding for this loan through the issuance of temporary notes through the Construction Financing Trust Loan Program. The NJEIT will issue permanent financing upon maturity. As such, the Borough is not expected to repay the entire \$3,458,000, loan in one year.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

11

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

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

Calendar Year	General		Water Utility		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,332,290.66	\$ 136,718.76	\$ 319,000.00	\$ 28,882.26	\$ 1,651,290.66	\$ 165,601.02
2023	4,801,886.41	108,068.76	241,000.00	19,932.76	5,042,886.41	128,001.52
2024	553,794.91	79,593.76	140,000.00	15,010.76	693,794.91	94,604.52
2025	572,794.91	68,443.76	140,000.00	12,557.26	712,794.91	81,001.02
2026	587,794.91	56,480.63	145,000.00	9,944.38	732,794.91	66,425.01
2027-2031	1,994,334.18	93,316.25	330,000.00	13,200.00	2,324,334.18	106,516.25
2032-2034	176,423.83	4,600.00			176,423.83	4,600.00
	<u>\$ 10,019,319.81</u>	<u>\$ 547,221.92</u>	<u>\$ 1,315,000.00</u>	<u>\$ 99,527.42</u>	<u>\$ 11,334,319.81</u>	<u>\$ 646,749.34</u>

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2021, which are appropriated and included in the Current, Water Utility Operating and Solid Waste Utility Operating adopted budgets for the year ending December 31, 2022, are as follows:

Current Fund	\$ 2,252,000.00
Water Utility Operating Fund	138,500.00
Solid Waste Utility Operating Fund	153,900.00

Note 4: Regional School District Taxes

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

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

Note 5: Pension Plans

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

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 statements 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 following represents the membership tiers for PERS:

Tier	Definition
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 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

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

Contributions (Cont'd)

Borough contributions to PERS amounted to \$365,902 for 2021.

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Borough's liability was \$5,454,446 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Borough's proportion was 0.033%, which was a decrease of 0.003% from its proportion measured as of June 30, 2019. The Borough has rolled forward net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS) valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities to include the June 30, 2020 pension information in the Notes to the Financial Statements as the June 30, 2021 pension information has not been released as of the date of this audit.

For the year ended December 31, 2021, the Borough recognized actual pension expense in the amount of \$365,902.

Actuarial Assumptions

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

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

14

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

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, 2020) 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, 2020 are summarized in the following table:

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

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

Discount Rate

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

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

The following presents the Borough's proportionate share of the collective net pension liability as of June 30, 2020 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, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 6,851,027	\$ 5,454,446	\$ 4,247,073

Pension Plan Fiduciary Net Position

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

16

Note 5: Pension Plans (Cont'd)

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

Plan Description

The State of New Jersey Police and Firemen's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PFRS, please refer to the Division's annual financial statements 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. 43:16A. The PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

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

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

Contributions

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing members.

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 5: Pension Plans (Cont'd)

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

Special Funding Situation

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

Borough contributions to PFRS amounted to \$794,274 for the year ended December 31, 2021. During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$109,709 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$161,578.

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Borough's liability for its proportionate share of the net pension liability was \$9,186,659. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Borough's proportion was 0.071%, which was an increase of 0.003% from its proportion measured as of June 30, 2019. The Borough has rolled forward the net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2020 information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this audit.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

18

Note 5: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$1,425,728 as of June 30, 2020. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the State's proportion was 0.071%, which was an increase of 0.003% from its proportion measured as of June 30, 2019 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 9,186,659
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>1,425,728</u>
Total Net Pension Liability	<u>\$ 10,612,387</u>

For the year ended December 31, 2021, the Borough recognized total pension expense of \$794,274.

Actuarial Assumptions

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

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through all future years	3.25 – 15.25% based on years of service
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Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

19

Note 5: Pension Plans (Cont'd)

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

Actuarial Assumptions (Cont'd)

Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

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

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

20

Note 5: Pension Plans (Cont'd)

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

Discount Rate – PFRS

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

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

The following presents the total net pension liability (including the State's proportionate share of the net pension liability attributable to the Borough) as of June 30, 2020 calculated using the discount rate as disclosed above, as well as what the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 14,112,290	\$ 10,612,387	\$ 7,705,450

Pension Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

21

Note 5: Pension Plans (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

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

For DCRP, the Borough recognized pension expense of \$1,032.81 for the year ended December 31, 2021. Employee contributions to DCRP amounted to \$1,865.02 for the year ended December 31, 2021.

Note 6: Accrued Sick and Vacation Benefits

The Borough has permitted employees to accrue unused sick pay and, with prior approval, unused vacation pay. Police shall be entitled to convert one (1) accumulated sick day into a personal day of each three (3) month period during which no sick leave is taken. A maximum of 60 sick days may be taken as time off or paid upon retirement at the employee's current rate. At December 31, 2021, it was estimated that the current cost of such unpaid compensation would approximate \$606,000.51. These amounts were not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. The Borough has established a \$150,000.00 Reserve for Accumulated Absences in the Other Trust Fund as of December 31, 2021.

Note 7: Deferred Compensation Plan

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

Note 8: Selected Tax Information

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 8: Selected Tax Information (Cont'd)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	\$ 2.137	\$ 2.119	\$ 2.104

Apportionment of Tax Rate

Municipal:

Amount to be Raised:

Local	0.411	0.397	0.384
Library	0.040	0.041	0.042
Open Space	0.006	0.004	0.005
County - Regular	0.307	0.316	0.329
County - Open Space	0.008	0.010	0.010
Regional School	1.365	1.351	1.334

Assessed Valuations

2021	<u>\$ 2,125,865,076</u>		
2020		<u>\$ 2,112,590,517</u>	
2019			<u>\$ 2,097,048,337</u>

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2021	\$ 45,652,453.09	\$ 45,341,619.07	99.31%
2020	44,897,406.46	44,392,832.66	98.87%
2019	44,298,644.88	43,886,848.43	99.07%

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.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

23

Note 9: 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 credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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

Deposits:

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

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

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

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

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

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;

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

24

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

Investments (Cont'd):

- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983 c.313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

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

As of December 31, 2021, cash and cash equivalents of the Borough of Chatham consisted of the following:

<u>Fund</u>	<u>Cash on Hand</u>	<u>and Savings Accounts</u>	<u>Total</u>
Current	\$ 300.00	\$ 5,887,526.35	\$ 5,887,826.35
Federal and State Grant		451,580.20	451,580.20
Animal Control		17,903.44	17,903.44
Other Trust		2,395,851.53	2,395,851.53
General Capital		1,429,454.99	1,429,454.99
Water Utility Operating		900,853.58	900,853.58
Water Utility Capital		702,922.39	702,922.39
Solid Waste Utility Operating		376,626.53	376,626.53
Solid Waste Utility Capital		67,829.00	67,829.00
	<u>\$ 300.00</u>	<u>\$12,230,548.01</u>	<u>\$ 12,230,848.01</u>

During the period ended December 31, 2021, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2021, was \$12,230,848.01 and the bank balance was \$12,134,034.44.

Note 10: Risk Management

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

Property, Liability and Workers' Compensation

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

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

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

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 10: Risk Management (Cont'd)

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

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

Selected summarized financial information for the Fund as of December 31, 2021 is as follows:

	<u>Morris County Municipal Joint Insurance Fund</u>
Total Assets	\$ 38,998,094
Net Position	\$ 16,225,925
Total Revenue	\$ 21,199,571
Total Expenses	\$ 20,283,613
Change in Net Position	\$ 915,958
Members Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

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

<u>Year</u>	<u>Employee Contributions</u>	<u>Interest Earnings</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ -0-	\$ 9.23	\$ -0-	\$ 18,143.08
2020	-0-	37.12	-0-	18,133.85
2019	-0-	133.88	-0-	18,096.73

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 11: Interfund Receivables and Payables

The following interfund balances remained on the balance sheets at December 31, 2021:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 593.52	\$ 393,665.73
Federal and State Grant Fund	245,440.92	
Animal Control Fund		129.15
Other Trust Fund	148,985.06	750.00
General Capital Fund		514.37
Water Utility Operating Fund	2,341.62	
Water Utility Capital Fund		2,301.87
	<u>\$ 397,361.12</u>	<u>\$ 397,361.12</u>

The interfund receivable in the Federal and State Grant Fund is for the receipt of grant funds directly deposited into the Current Fund. The interfund payable in the Animal Control Fund represents a prior year interfund not turned over. The interfund receivable in the Other Trust Funds represents a prior year interfund receivable not turned over; net with a tax sale premium refund paid by the Current Fund and current year interest earnings. The interfund payable in the General Capital Fund represents a prior year interfund payable not turned over to the Other Trust Fund and current year interest earnings. The interfund payable in the Water Utility Capital Fund represents cash disbursed by Water Utility Operating Fund on behalf of the Water Utility Capital Fund.

Note 12: Economic Dependency

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

Note 13: Open Space Trust Fund

The Borough created an Open Space Trust Fund with a tax levy of \$.005 per \$100 of assessed valuation during the year ended December 31, 2001. The funds collected are used to acquire and maintain open space property in the Borough. The balance in the Open Space Trust Fund at December 31, 2021 was \$6,494.04.

Note 14: Contingent Liabilities

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

BOROUGH OF CHATHAM
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2021
 (Continued)

28

Note 14: Contingent Liabilities (Cont'd)

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

Note 15: Deferred Charges to be Raised in Succeeding Years

Certain expenditures are required to be deferred to budgets of the succeeding years. At December 31, 2021, the Borough had the following deferred charges

	Balance at Dec. 31 2021	To Be Raised in 2022 Budget	Balance to Succeeding Years Budgets
Current Fund:			
Special Emergency Authorization- Loss of Revenues due to COVID-19	\$ 300,000.00	\$ 60,000.00	\$ 240,000.00
Special Emergency Appropriations - N.J.S.A. 40A:4-53	<u>245,000.00</u>	<u>70,000.00</u>	<u>175,000.00</u>
Total Deferred Charges	<u>\$ 545,000.00</u>	<u>\$ 130,000.00</u>	<u>\$ 415,000.00</u>

The appropriation in the 2022 budget is not less than that required by statute.

Note 16: Fixed Assets

The following schedule is a summarization of general fixed assets for the years ended December 31, 2021 and 2020:

	Balance Dec. 31, 2020	Additions	Adjustments/ Deletions	Balance Dec. 31, 2021
Land	\$ 32,596,600.00			\$ 32,596,600.00
Buildings and Improvements	29,454,900.00			29,454,900.00
Equipment	<u>6,729,167.00</u>	<u>\$ 385,004.00</u>	<u>\$ 156,021.00</u>	<u>6,958,150.00</u>
	<u>\$ 68,780,667.00</u>	<u>\$ 385,004.00</u>	<u>\$ 156,021.00</u>	<u>\$ 69,009,650.00</u>

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 16: Fixed Assets (Cont'd)

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

Note 17: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

30

Note 17: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Benefits Provided (Cont'd)

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

Contributions

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

Special Funding Situation

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

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are based on separately calculated total OPEB liabilities.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Allocation Methodology (Cont'd)

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, 2019 through June 30, 2020. 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 Borough has rolled forward the net OPEB liability as of June 30, 2020 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2020 OPEB information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020.

The State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2020 was \$7,644,602. At June 30, 2020, the State's proportion related to the Borough was 0.139952%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

For the year ended June 30, 2020 the State of New Jersey's OPEB benefit related to the Borough was \$380,550.

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.

BOROUGH OF CHATHAM
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021
(Continued)

Note 17: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

Actuarial assumptions used in the June 30, 2019 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 5.6% and decreases to a 4.5% long term trend rate after seven years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven years.

Discount Rate

The discount rate for June 30, 2020 was 2.21%. The discount rate for June 30, 2019 was 3.50%. 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.

SUPPLEMENTARY DATA

BOROUGH OF CHATHAM
ROSTER OF OFFICIALS
YEAR ENDED DECEMBER 31, 2021

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

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

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

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
CURRENT FUND

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 4,754,472.32
Increased by Receipts:		
Tax Collector	\$ 45,892,572.17	
Revenue Accounts Receivable	2,042,333.41	
Sewer Fees Receivable	1,125,092.59	
Miscellaneous Revenue Not Anticipated	263,198.29	
Interest on Investments and Deposits	7,924.91	
Due Federal and State Grant Fund:		
Grants Receivable	178,462.15	
Due State of New Jersey:		
Senior Citizens' and Veterans' Deductions	25,250.00	
Marriage Licenses	550.00	
Reserve for:		
Third Party Liens	101,732.18	
Sewer Connection Fees	300,000.00	
Special Emergency Notes	300,000.00	
Appropriation Refunds	372,370.62	
		<u>50,609,486.32</u>
		55,363,958.64

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF CASH
(Continued)

	<u>Ref.</u>	
Decreased by Disbursements:		
2021 Appropriation Expenditures	\$ 13,047,449.20	
2020 Appropriation Reserve Expenditures	579,544.02	
Regional School District Taxes	28,335,439.00	
County Taxes	6,700,709.37	
Due Federal and State Grant Fund:		
Appropriated Reserve Expenditures	84,439.75	
Due Other Trust Funds:		
Open Space Tax Levy	130,268.55	
Tax Sale Premiums Refunded on Behalf of Other Trust Funds	51,100.00	
Due General Capital Fund:		
Grant Receivable	138,750.00	
Due Solid Waste Utility Operating Fund:		
Prior Year Interfund Returned	37,279.65	
Due State of New Jersey - Marriage Licenses	575.00	
Reserve for:		
Third Party Liens	101,732.18	
Revaluation	100,643.94	
FEMA	101,525.93	
Refund of:		
Tax Overpayments	40,311.78	
Prior Year Taxes	26,663.92	
	<hr/>	<hr/>
		\$ 49,476,432.29
Balance December 31, 2021	A	<hr/> <hr/>
		\$ 5,887,526.35

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF CASH - COLLECTOR
YEAR ENDED DECEMBER 31, 2021

Increased by Receipts:

Taxes Receivable	\$ 45,381,966.72	
2022 Prepaid Taxes	307,554.10	
Interest and Costs on Taxes	98,625.09	
Tax Overpayments	<u>104,426.26</u>	
		\$ 45,892,572.17

Decreased by:

Payments to Municipal Treasurer		<u><u>\$ 45,892,572.17</u></u>
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BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF CASH - FEDERAL AND STATE GRANT FUND

Balance December 31, 2020	A	\$ -0-
Increased by Receipts:		
Due Current Fund:		
Interest Earned	\$ 21.04	
Unappropriated Grant Funds	<u>451,906.48</u>	
		<u>451,927.52</u>
		451,927.52
Decreased by Disbursements:		
Due Current Fund:		
Expenses Paid on Behalf of Current Fund		<u>347.32</u>
Balance December 31, 2021	A	<u><u>\$ 451,580.20</u></u>

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

Year	Balance Dec. 31, 2020	2021 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2021
2017	\$ 317.76							\$ 317.76
2018	332.41							332.41
2019	25,725.61					\$ 24,749.35		976.26
2020	425,306.79			\$ 400,244.06		24,903.80		158.93
	451,682.57			400,244.06		49,653.15		1,785.36
2021		\$ 45,652,453.09	\$ 335,146.41	44,981,722.66	\$ 24,750.00	46,714.80	\$ 649.65	263,469.57
	\$ 451,682.57	\$ 45,652,453.09	\$ 335,146.41	\$ 45,381,966.72	\$ 24,750.00	\$ 96,367.95	\$ 649.65	\$ 265,254.93

Ref.

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Analysis of 2021 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 45,429,738.14
Added and Omitted Taxes	222,714.95
	<u>\$ 45,652,453.09</u>

Tax Levy:

Regional School District Taxes	\$ 29,018,008.00
County Open Space Taxes	\$ 160,846.49
County Taxes	6,521,590.05
Due County for Added and Omitted Taxes	<u>33,303.45</u>
	6,715,739.99
Municipal Open Space Taxes	129,678.00
Add: Additional Open Space - Municipal	<u>590.55</u>
	130,268.55
	<u>35,864,016.54</u>
Local Tax for Municipal Purposes Levied	8,738,739.54
Minimum Library Tax Levied	851,432.46
Add: Additional Tax Levied	<u>198,264.55</u>
	9,788,436.55
	<u>\$ 45,652,453.09</u>

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 11,919.37
Increased by:		
Transfer from Taxes Receivable		649.65
		<u>12,569.02</u>
Decreased by:		
Canceled		2,368.01
		<u>2,368.01</u>
Balance December 31, 2021	A	<u><u>\$ 10,201.01</u></u>

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2021

	Balance Dec. 31, 2020	Accrued In 2021	Collected By Treasurer	Cancelled	Balance Dec. 31, 2021
Licenses:					
Alcoholic Beverages - Clerk		\$ 14,000.00	\$ 14,000.00		
Fees and Permits		56,790.00	56,790.00		
Municipal Court - Fines and Fees	\$ 9,547.00	46,403.97	41,834.14	\$ 8,490.13	\$ 5,626.70
Parking Meters		245,785.90	245,785.90		
Cable TV Franchise Fee		124,462.28	124,462.28		
Energy Receipts Tax		569,796.00	569,796.00		
Watershed Moratorium Offset Aid		2,303.00	2,303.00		
Uniform Construction Code Fees		45,915.50	45,915.50		
Farmers Market Fees		20,226.67	20,226.67		
Lease of Municipal Premises		675,807.80	675,807.80		
Shared Services with Chatham Township					
Joint Recreation	21,923.13	30,412.12	30,412.12	21,923.13	
Utility Operating Surplus of Prior Year:					
Water Utility Operating Fund		215,000.00	215,000.00		
	<u>\$ 31,470.13</u>	<u>\$ 2,046,903.24</u>	<u>\$ 2,042,333.41</u>	<u>\$ 30,413.26</u>	<u>\$ 5,626.70</u>

Ref.

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BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF SEWER FEES RECEIVABLE

Balance December 31, 2020	<u>Ref.</u> A	\$ 22,004.41
Increased by:		
Billings		1,163,734.58
		<u>1,185,738.99</u>
Decreased by:		
Collections		1,125,092.59
		<u>1,125,092.59</u>
Balance December 31, 2021	A	<u><u>\$ 60,646.40</u></u>

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages:	\$ 2,083.50	\$ 2,083.50		\$ 2,083.50
Other Expenses:	86,641.63	141,641.63	\$ 138,138.79	3,502.84
Community Service:				
Salaries and Wages	263.65	263.65		263.65
Other Expenses	10,365.38	10,365.38	7,385.10	2,980.28
Human Services:				
Salaries and Wages	9,967.38	9,967.38		9,967.38
Other Expenses	6,370.14	6,370.14	899.22	5,470.92
Mayor and Council:				
Other Expenses	990.00	990.00		990.00
Borough Clerk:				
Salaries and Wages	488.94	488.94		488.94
Other Expenses	20,319.06	20,319.06	12,062.45	8,256.61
Financial Administration:				
Salaries and Wages	19,977.03	19,977.03	15,550.02	4,427.01
Other Expenses	5,593.34	5,593.34	5,593.34	
Audit Services:				
Other Expenses	5,200.00	5,200.00		5,200.00
Tax Collection:				
Salaries and Wages	2,672.00	2,672.00		2,672.00
Other Expenses	39.23	39.23		39.23
Tax Assessment:				
Salaries and Wages	4,402.24	4,402.24		4,402.24
Other Expenses	591.55	591.55	336.40	255.15
Legal Services:				
Other Expenses	46,269.27	96,269.27	95,959.23	310.04
Interlocal Agreement - Joint Court:				
Other Expenses	22,922.28	22,922.28		22,922.28
Engineering Services and Costs:				
Salaries and Wages	96.56	96.56		96.56
Other Expenses	1,037.03	1,037.03	147.80	889.23
Historical Preservation Commission:				
Other Expenses	1,000.00	1,000.00		1,000.00
LAND USE ADMINISTRATION:				
Planning Board:				
Salaries and Wages	13,728.22	13,728.22	13,000.00	728.22
Other Expenses	13,448.85	13,448.85	11,409.00	2,039.85
Board of Adjustment:				
Salaries and Wages	13,728.22	13,728.22	13,500.00	228.22
Other Expenses	3,007.63	3,007.63	565.58	2,442.05
INSURANCE:				
General Liability	34,519.00	34,519.00		34,519.00
Employee Group Health	24,221.08	4,221.08		4,221.08
Unemployment Compensation Insurance	1,827.60	1,827.60		1,827.60

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021
(Continued)

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY FUNCTIONS:				
Police:				
Salaries and Wages	\$ 130,547.16	\$ 45,547.16	\$ 45,000.00	\$ 547.16
Other Expenses	96,908.22	96,908.22	43,275.50	53,632.72
Purchase of Police Vehicle	18,391.84	18,391.84	11,677.07	6,714.77
Police Dispatching:				
Other Expenses	1.53	1.53		1.53
Parking Administration:				
Salaries and Wages	4,637.19	4,637.19	4,500.00	137.19
Other Expenses	15,757.21	15,757.21	3,394.55	12,362.66
Emergency Management Services:				
Salaries and Wages	40.00	40.00		40.00
Other Expenses	1,677.46	1,677.46	51.44	1,626.02
Fire:				
Salaries and Wages	1,684.05	1,684.05		1,684.05
Other Expenses	27,118.42	27,118.42	19,174.92	7,943.50
Fire Safety Official:				
Salaries and Wages	5,697.00	5,697.00	5,500.00	197.00
Other Expenses	1,643.77	1,643.77	114.03	1,529.74
PUBLIC WORKS FUNCTIONS:				
Shade Tree Commission:				
Other Expenses	9,463.00	9,463.00		9,463.00
Public Buildings and Grounds:				
Other Expenses	10,809.27	10,809.27	2,583.23	8,226.04
Public Employee Occupational Safety and Health Act:				
Other Expenses	2,727.00	2,727.00	395.70	2,331.30
Vehicle Maintenance:				
Salaries and Wages	588.00	588.00		588.00
Other Expenses	21,767.81	21,767.81	9,550.45	12,217.36
Community Services Act- Condo Costs:				
Other Expenses	2,000.00	2,000.00	1,516.16	483.84
Road Repair and Maintenance:				
Other Expenses	44,489.64	44,489.64	40,064.85	4,424.79
HEALTH AND HUMAN SERVICE FUNCTIONS:				
Board of Health:				
Salaries and Wages	1,396.96	1,396.96		1,396.96
Other Expenses	5,347.44	5,347.44		5,347.44
Environmental Commission:				
Salaries & Wages	97.04	97.04		97.04
Other Expenses	1,775.00	1,775.00		1,775.00
PARK AND RECREATION FUNCTIONS:				
Recreation Services and Programs:				
Salaries and Wages	22,766.33	22,766.33	22,500.00	266.33
Other Expenses	25,322.21	25,322.21	120.91	25,201.30
Park Maintenance:				
Other Expenses	2,248.20	2,248.20		2,248.20

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2021
(Continued)

	<u>Balance Dec. 31, 2020</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
OTHER COMMON OPERATING FUNCTIONS:				
Celebration of Public Events, Anniversaries or Holidays:				
Other Expenses	\$ 433.24	\$ 433.24	\$ 433.24	
UTILITIES EXPENSES AND BULK PURCHASES:				
Utilities:				
Other Expenses	94,604.15	94,604.15	38,476.48	\$ 56,127.67
UNCLASSIFIED				
Contingent	3,227.60	3,227.60		3,227.60
Deferred Charges and Statutory Expenditures -				
Municipal within "CAPS":				
Statutory Expenditures:				
Defined Contribution Retirement Program	2,000.00	2,000.00	1,068.56	931.44
Operations Excluded from "CAPS":				
LOSAP Program	20,000.00	20,000.00	15,600.00	4,400.00
Maintenance of Joint Free Public Library	0.50	0.50		0.50
Farmer's Market:				
Salaries and Wages	203.90	203.90		203.90
Other Expenses	8,148.37	8,148.37		8,148.37
	<u>\$ 935,290.32</u>	<u>\$ 935,290.32</u>	<u>\$ 579,544.02</u>	<u>\$ 355,746.30</u>

Analysis of Balance December 31, 2020

	<u>Ref.</u>	
Encumbered	A	\$ 190,483.57
Unencumbered	A	<u>744,806.75</u>
		<u>\$ 935,290.32</u>

BOROUGH OF CHATHAM
CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL DISTRICT TAXES PAYABLE

Ref.

Increased by:

Levy - Calendar Year 2021

\$ 29,018,008.00

Decreased by:

Payments to Regional School District

28,335,439.00

Balance December 31, 2021

A

\$ 682,569.00

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

	Balance Dec. 31, 2020	2021 Budget Revenue Realized	Cash Received	Transferred from Unappropriated Reserves	Balance Dec. 31, 2021
Clean Communities Program:					
2020		\$ 15,723.17		\$ 15,723.17	
2021		16,734.49	\$ 16,734.49		
Cool Cities Program Grant	\$ 1,887.76				\$ 1,887.76
Donations - Chatham Jaycees:					
Chatham Shade Tree Commission	2,750.00				2,750.00
Donations - Mayor's Wellness Campaign:					
2020	2,000.00				2,000.00
2021		2,250.00		2,250.00	
Body Armor Replacement Fund:					
2020		2,178.69		2,178.69	
2021		1,727.66	1,727.66		
Federal Bulletproof Vest	40.60				40.60
Sustainable New Jersey	0.50				0.50
Drunk Driving Enforcement Fund:					
2019	5,500.00				5,500.00
2020		4,977.50		4,977.50	
Alcohol Education Rehabilitation Fund		500.12		500.12	
FEMA Winter Storm Jonas	3,254.94				3,254.94
NJ DOT - Washington Ave	133,500.00				133,500.00
Municipal Alliance on Alcoholism and Drug Abuse:					
July 2020 - June 2021		6,035.00			6,035.00
July 2021 - June 2022		8,038.00			8,038.00
County Supplemental		3,000.00			3,000.00
Morris County Trails Construction Grant		88,289.63			88,289.63
EMAA Grant - Emergency Management		10,000.00	10,000.00		
Body Worn Cameras Grant		50,950.00			50,950.00
Chatham River Road Contribution		150,000.00	150,000.00		
	<u>\$ 148,933.80</u>	<u>\$ 360,404.26</u>	<u>\$ 178,462.15</u>	<u>\$ 25,629.48</u>	<u>\$ 305,246.43</u>

Ref.

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Federal	\$ 10,000.00
State	18,462.15
Local	<u>150,000.00</u>
	<u>\$ 178,462.15</u>

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

	Balance Dec. 31, 2020	Transferred to 2021 Budget Revenue	Received	Transfer to General Capital Fund	Balance Dec. 31, 2021
Body Armor Replacement Fund - 2020	\$ 2,178.69	\$ 2,178.69			
Alcohol Education and Rehabilitation Fund - 2020	500.12	500.12			
Clean Communities - 2020	15,723.17	15,723.17			
NJ DOT- Municipal Aid:					
2018 - Hillside Avenue Improvement Project	138,750.00			\$ 138,750.00	
Donations - Mayor's Wellness Campaign - 2021	2,250.00	2,250.00			
Drunk Driving Enforcement Fund - 2020	4,977.50	4,977.50			
COVID 19 - American Rescue Plan Grant:					
Coronavirus State and Local					
Government Fiscal Recovery Funds			\$ 451,906.48		\$ 451,906.48
	<u>\$ 164,379.48</u>	<u>\$ 25,629.48</u>	<u>\$ 451,906.48</u>	<u>\$ 138,750.00</u>	<u>\$ 451,906.48</u>
<u>Ref.</u>	<u>A</u>				<u>A</u>
			\$ 451,906.48		
Federal		\$ 23,379.48			
State		2,250.00			
Local					
	<u>\$ 25,629.48</u>		<u>\$ 451,906.48</u>		

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

	Balance Dec. 31, 2020	Transferred from 2021 Budget Appropriations	Expended	Balance Dec. 31, 2021
Drunk Driving Enforcement Fund:				
2019	\$ 5,169.50		\$ 855.00	\$ 4,314.50
2020		\$ 4,977.50		4,977.50
Clean Communities Program:				
2019	348.65		348.65	
2020		15,723.17	12,099.98	3,623.19
2021		16,734.49	1,397.86	15,336.63
Alcohol Education and Rehabilitation				
2019	3,447.45			3,447.45
2020		500.12		500.12
Municipal Alliance on Alcoholism and Drug Abuse:				
July 2020 - June 2021	1,240.87	8,038.00	9,278.87	
July 2021 - June 2022		6,035.00	1,060.70	4,974.30
County Supplemental		3,000.00	2,624.24	375.76
Local Share	5,803.60	3,750.00	3,069.96	6,483.64
FEMA Winter Storm Jonas	58,824.97			58,824.97
Body Armor Replacement Fund:				
2019	2,319.97			2,319.97
2020		2,178.69		2,178.69
2021		1,727.66		1,727.66
Sprout House Grant - Memorial Park	1,465.27			1,465.27
Sustainable Jersey Grant	12,537.38			12,537.38
NJCFC - Highlands Grant (Farmer's Market)	1,813.63			1,813.63
Federal Bulletproof Vest	40.60			40.60
Office of Environmental Services Grant	4.37			4.37
Environmental Grant	500.00			500.00
Municipal Stormwater Regulation Program	7,909.13			7,909.13
Cool Cities Program Grant	1,887.76			1,887.76
Improvement District Challenge Grant:				
State	69.08			69.08
Local Share	69.08			69.08
Donations - Madison Medical and Sports Rehabilitation	1,000.00			1,000.00
Donations - Mayor's Wellness Campaign:				
2020	1,983.43			1,983.43
2021		2,250.00		2,250.00
Donations - Chatham Jaycees:				
Farmer's Market	278.95			278.95
Community Garden Center	675.37			675.37
Chatham Shade Tree Commission	1,750.00			1,750.00
NJ Energy Efficiency Conservation Block Grant	20,000.00			20,000.00

BOROUGH OF CHATHAM
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES
(Continued)

	Balance Dec. 31, 2020	Transferred from 2021 Budget Appropriations	Expended	Balance Dec. 31, 2021
ANJEC Smart Growth Planning Grant:				
State	\$ 5,507.50			\$ 5,507.50
Local Share	2,500.00			2,500.00
NJ DOT - Washington Ave	133,500.00			133,500.00
Morris County Trails Construction Grant		\$ 88,289.63	\$ 53,704.49	34,585.14
EMAA Grant - Emergency Management		10,000.00		10,000.00
Body Worn Cameras Grant		50,950.00		50,950.00
Chatham River Road Contribution		150,000.00		150,000.00
	<u>\$ 270,646.56</u>	<u>\$ 364,154.26</u>	<u>\$ 84,439.75</u>	<u>\$ 550,361.07</u>

Ref.

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State	\$ 25,041.06
Local	56,328.73
Local - Match	<u>3,069.96</u>
	<u>\$ 84,439.75</u>

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
TRUST FUNDS

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

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2020	B	\$ 20,173.75	\$ 1,988,539.07
Increased by Receipts:			
Borough Dog License Fees		\$ 9,504.00	
Borough Cat License Fees		1,176.00	
State Dog License Fees		708.00	
Late Fees		671.00	
Interest Income		23.35	
Current Fund Budget Appropriation		2,000.00	
Due Current Fund:			
Interest Income			\$ 607.14
Recreation			93,378.28
Disposal of Forfeited Assets			28.81
COAH			47,483.70
Open Space:			
Interest			27.96
Open Space Tax Levy			130,268.55
Police Services			284,530.00
Unemployment Trust:			
Interest			9.23
Special Deposits (Escrow)			368,612.23
Public Offenses Adjudication Act			368.00
Recycling			667.40
Accumulated Absences			165,000.00
Chatham Spring Cleaning			6,894.36
Beekeepers Club			625.00
Shade Tree Commission			850.00
Storm Recovery			156,755.79
Community Garden Recreation			2,585.00
Tri-Centennial Celebration			6,290.74
Fishawack Celebration			24,962.91
Public Safety Donations			1,000.00
Stanley Property Concert Donation			7,500.00
		<u>14,082.35</u>	<u>1,298,445.10</u>
		34,256.10	3,286,984.17
Decreased by Disbursements:			
Expenditures (R.S. 4:19-15.11)		15,644.66	
State Board of Health		708.00	
Recreation			92,318.68
COAH			109,211.64
Open Space			135,484.50
Police Services			256,639.42
Special Deposits (Escrow)			183,974.90
Accumulated Absences			46,777.05
Chatham Spring Cleaning			6,208.05
John Kruski Bequest			332.66
Beekeepers Club			141.25
Shade Tree Commission			350.00
Community Garden Recreation			2,180.30
Tri-Centennial Celebration			2,130.00
Fishawack Celebration			28,104.75
Stanley Property Donation			27,279.44
		<u>16,352.66</u>	<u>891,132.64</u>
Balance December 31, 2021	B	<u>\$ 17,903.44</u>	<u>\$ 2,395,851.53</u>

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

	<u>Ref.</u>	
Balance December 31, 2020	B	\$ 20,011.60
Increased by:		
Animal Control License Fees:		
Dogs	\$ 9,504.00	
Cats	1,176.00	
Late Fees	671.00	
Interest Income	23.35	
Current Fund Budget Appropriation	<u>2,000.00</u>	
		<u>13,374.35</u>
		33,385.95
Decreased by:		
Animal Control Expenditures (R.S. 4:19-15.11)		<u>15,644.66</u>
Balance December 31, 2021	B	<u><u>\$ 17,741.29</u></u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2019	\$ 9,792.00
2020	<u>9,145.80</u>
Maximum Allowable Reserve	<u><u>\$ 18,937.80</u></u>

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
GENERAL CAPITAL FUND

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 1,270,119.73
Increased by Receipts:		
Due Current Fund:		
Interest Earned	\$ 464.37	
2021 Budget Appropriations:		
Capital Improvement Fund	90,000.00	
Improvement Authorization Refunds	2,370.27	
Bond Anticipation Notes Issued	1,208,000.00	
Due from Federal and State Grant Fund:		
New Jersey Department of Transportation Grant Receivable	138,750.00	
Premium on Bond Anticipation Note	<u>33,369.38</u>	
		<u>1,472,954.02</u>
		2,743,073.75
Decreased by Disbursements:		
Improvement Authorizations		<u>1,313,618.76</u>
Balance December 31, 2021	C	<u><u>\$ 1,429,454.99</u></u>

	Balance / (Deficit)		Receipts		Disbursements		Transfers		Balance / (Deficit) Dec. 31, 2021
	Dec. 31, 2020		Bond Anticipation Notes	Budget Appropriations	Miscellaneous	Improvement Authorizations	From	To	
Capital Fund Balance	\$ 6,079.84			\$ 90,000.00	\$ 33,369.38		\$ 52,670.00	\$ 60,000.00	\$ 39,449.22
Capital Improvement Fund	4,144.37								41,474.37
Reserve for Payment of Debt Service	8,174.00								68,174.00
State of New Jersey Grants Receivable:									
Department of Transportation	(272,047.41)				138,750.00		183,000.00		(316,297.41)
Library Aid	(22,750.00)								(22,750.00)
NJ EIT Loans Receivable	(1,347,707.00)						728,000.00	1,584,352.00	(491,355.00)
Due Other Trust Fund	50.00								50.00
Due Current Fund					464.37				464.37
Reserve for Sustainable Energy Grant	20,000.00								20,000.00
						\$ 17.74			16,940.94
	16,958.68								9.00
	9.00								1,746.46
	1,746.46					2,198.29		29,841.74	27,385.86
	(257.59)								
	30,096.74						30,096.74		
	26,568.68					2,297.09		255.00	24,526.59
	191,090.89					191.58		27,467.77	218,367.08
	124,369.25					33,953.61	27,467.77		62,947.87
	1,644.92								1,644.92
	97,616.88					16,921.61			80,695.27
	30.62								30.62
	334,771.39					163,721.90			171,049.49
	1,347,707.00						1,584,352.00	728,000.00	491,355.00
	621,499.94	\$ 113,000.00				329,619.63			404,880.31
	4,063.92	1,095,000.00			2,370.27	600,946.29		4,095.00	504,582.90
	37,000.00					25,693.89	4,095.00		7,211.11
	39,259.15					28,807.38			10,451.77
						109,249.75		52,670.00	(56,579.75)
								123,000.00	123,000.00
	\$ 1,270,119.73	\$ 1,208,000.00	\$ 90,000.00	\$ 174,954.02	\$ 1,313,618.76	\$ 2,609,681.51	\$ 2,609,681.51	\$ 2,609,681.51	\$ 1,429,454.99

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

Ord. No.	Improvement Description	Analysis of Balance December 31, 2021									
		Balance Dec. 31, 2020	2021 Improvement Authorizations	Funded by Budget Appropriation	NJ Environmental Infrastructure Loans Issued	Balance Dec. 31, 2021	Financed by			Unexpended Improvement Authorizations	
							Bond	Anticipation	Notes		Expenditures
13-07	Acquisition of Equipment	\$ 320.00				\$ 320.00			\$ 257.59	\$ 62.41	
14-10	Various General Improvements	288,000.00				288,000.00				288,000.00	
17-11	Replace Turf Field at Lum Avenue Field	175,000.00		\$ 9,250.00		165,750.00	\$ 165,750.00				
18-02	Various Improvements and Equipment	850,250.00		45,750.00		804,500.00	804,500.00				
18-12; 19-17	Madison-Chatham Joint Meeting - Molitor Pollution Control Facility	728,000.00			\$ 728,000.00						
19-09	Various Improvements and Equipment	1,115,000.00				1,115,000.00	1,114,750.00			250.00	
20-09	Replacing Equipment and Machinery	1,095,000.00				1,095,000.00	1,095,000.00				
21-13	Various Improvements and Acquisitions		\$ 835,430.00			835,430.00			56,579.75	778,850.25	
21-19	Resurfacing of Hillside Avenue		97,000.00			97,000.00				97,000.00	
		<u>\$ 4,251,570.00</u>	<u>\$ 932,430.00</u>	<u>\$ 55,000.00</u>	<u>\$ 728,000.00</u>	<u>\$ 4,401,000.00</u>	<u>\$ 3,180,000.00</u>	<u>\$ 56,837.34</u>	<u>\$ 1,164,162.66</u>		
<u>Ref.</u>	C	C									
		Improvement Authorizations - Unfunded									
		Less: Unexpended Proceeds of Bond Anticipation Notes Issued:									
		Ord # 13-07 - Acquisition of Equipment								\$ 27,643.45	
		Ord # 17-11 - Replace Turf Field at Lum Avenue Field								30.62	
		Ord # 18-02 - Various Improvements and Equipment								171,049.49	
		Ord # 19-09 - Various Improvements and Equipment								404,880.31	
		Ord # 20-09 - Replacing Equipment and Machinery								504,582.90	
										<u>1,108,186.77</u>	
										<u>\$ 1,164,162.66</u>	

[illegible]

BOROUGH OF CHATHAM
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 4,144.37
Increased by:		
2021 Budget Appropriation		<u>90,000.00</u> 94,144.37
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>52,670.00</u>
Balance December 31, 2021	C	<u><u>\$ 41,474.37</u></u>

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

Ord. No.	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2020	Issued	Matured	Balance Dec. 31, 2021
		Original Issue	Issue	Maturity					
17-11	Replace Turf Field at Lum Avenue Field	5/24/2018	5/22/2020 5/21/2021	5/24/2021 5/20/2022	1.09% 1.25%	\$ 175,000.00	\$ 165,750.00	\$ 175,000.00	\$ 165,750.00
18-02	Various Improvements and Acquisition of Equipment	5/24/2018	5/22/2020 5/21/2021	5/24/2021 5/20/2022	1.09% 1.25%	850,250.00	804,500.00	850,250.00	804,500.00
19-09	Various Improvements and Acquisition of Equipment	5/22/2020 5/21/2021	5/22/2020 5/21/2021	5/24/2021 5/20/2022	1.09% 1.25%	1,001,750.00	1,001,750.00 113,000.00	1,001,750.00	1,001,750.00 113,000.00
20-09	Replacing Equipment and Machinery	5/22/2021	5/21/2021	5/20/2022	1.25%		1,095,000.00		1,095,000.00
						<u>\$ 2,027,000.00</u>	<u>\$ 3,180,000.00</u>	<u>\$ 2,027,000.00</u>	<u>\$ 3,180,000.00</u>
<u>Ref.</u>						C			
Renewals						\$ 1,972,000.00		\$ 1,972,000.00	
New Issues						1,208,000.00			
Paid by Budget Appropriation								55,000.00	
						\$ 3,180,000.00		\$ 2,027,000.00	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Interest Rate	Balance Dec. 31, 2020	Matured	Balance Dec. 31, 2021
			Outstanding							
			December 31, 2021	Amount						
	Date									
Refunding Bonds Series 2016	11/23/16	\$ 3,235,000.00					\$ 610,000.00	\$ 610,000.00		
General Improvements	8/15/11	5,819,000.00	08/15/22	\$ 650,000.00		2.500%				
			08/15/23	669,000.00		2.500%	1,949,000.00	630,000.00	\$ 1,319,000.00	
General Improvements	4/1/17	5,200,000.00	04/01/22	520,000.00		2.000%				
			04/01/23	530,000.00		2.000%				
			04/01/24	455,000.00		2.000%				
			04/01/25	470,000.00		1.500%				
			04/01/26	485,000.00		1.500%				
			04/01/27	500,000.00		2.000%				
			04/01/28	515,000.00		2.000%				
			04/01/29	530,000.00		2.000%	4,315,000.00	310,000.00	4,005,000.00	
							\$ 6,874,000.00	\$ 1,550,000.00	\$ 5,324,000.00	

Ref.

C

C

Paid by:

Current Fund	\$ 1,421,620.00
Open Space Trust Fund	128,380.00

\$ 1,550,000.00

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

Ord. No.	Improvement Description	Balance Dec. 31, 2020	Matured	Issued	Balance Dec. 31, 2021
09-17	Sanitary Sewer Lining and Pipe Replacing	\$ 367,083.00	\$ 79,495.75		\$ 287,587.25
14-10	Rehabilitation of Madison- Chatham Joint Meeting	766,644.10	50,474.57		716,169.53
09-10	Rehabilitation of Madison- Chatham Joint Meeting	260,883.37	27,320.34		233,563.03
18-12; 19-17	Madison-Chatham Joint Meeting - Molitor Pollution Control Facility	2,730,000.00		\$ 728,000.00	3,458,000.00
		<u>\$ 4,124,610.47</u>	<u>\$ 157,290.66</u>	<u>\$ 728,000.00</u>	<u>\$ 4,695,319.81</u>
	<u>Ref.</u>	C			C

SANITARY SEWER LINING AND PIPE REPLACING
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2021

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

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

SANITARY SEWER LINING AND PIPE REPLACING
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2021

Year	Interest	Principal	Balance of Loan
2/1/2022	\$ 3,560.00		\$ 178,000.00
8/1/2022	3,560.00	\$ 21,000.00	157,000.00
2/1/2023	3,140.00		157,000.00
8/1/2023	3,140.00	21,000.00	136,000.00
2/1/2024	2,720.00		136,000.00
8/1/2024	2,720.00	21,000.00	115,000.00
2/1/2025	2,300.00		115,000.00
8/1/2025	3,300.00	20,000.00	95,000.00
2/1/2026	1,900.00		95,000.00
8/1/2026	1,900.00	20,000.00	75,000.00
2/1/2027	1,500.00		75,000.00
8/1/2027	1,500.00	25,000.00	50,000.00
2/1/2028	1,000.00		50,000.00
8/1/2028	1,000.00	25,000.00	25,000.00
2/1/2029	500.00		25,000.00
8/1/2029	500.00	25,000.00	
	<u>\$ 34,240.00</u>	<u>\$ 178,000.00</u>	

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

REHABILITATION OF MADISON-CHATHAM JOINT MEETING (Ord. #14-10)
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2021

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

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

REHABILITATION OF MADISON-CHATHAM JOINT MEETING (Ord. #14-10)
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2021

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 190,000.00
2/1/2022	\$ 4,100.00		190,000.00
8/1/2022	4,100.00	\$ 10,000.00	180,000.00
2/1/2023	3,850.00		180,000.00
8/1/2023	3,850.00	10,000.00	170,000.00
2/1/2024	3,600.00		170,000.00
8/1/2024	3,600.00	10,000.00	160,000.00
2/1/2025	3,350.00		160,000.00
8/1/2025	3,350.00	15,000.00	145,000.00
2/1/2026	2,975.00		145,000.00
8/1/2026	2,975.00	15,000.00	130,000.00
2/1/2027	2,600.00		130,000.00
8/1/2027	2,600.00	15,000.00	115,000.00
2/1/2028	2,300.00		115,000.00
8/1/2028	2,300.00	15,000.00	100,000.00
2/1/2029	2,000.00		100,000.00
8/1/2029	2,000.00	15,000.00	85,000.00
2/1/2030	1,700.00		85,000.00
8/1/2030	1,700.00	15,000.00	70,000.00
2/1/2031	1,400.00		70,000.00
8/1/2031	1,400.00	15,000.00	55,000.00
2/1/2032	1,100.00		55,000.00
8/1/2032	1,100.00	15,000.00	40,000.00
2/1/2033	800.00		40,000.00
8/1/2033	800.00	20,000.00	20,000.00
2/1/2034	400.00		20,000.00
8/1/2034	400.00	20,000.00	
	<u>\$ 60,350.00</u>	<u>\$ 190,000.00</u>	

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

REHABILITATION OF MADISON-CHATHAM JOINT MEETING (Ord. #09-10)
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - FUND
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2021

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

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

REHABILITATION OF MADISON-CHATHAM JOINT MEETING (Ord. #09-10)
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE - TRUST
SCHEDULE OF PRINCIPAL PAYMENTS OUTSTANDING DECEMBER 31, 2021

<u>Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance of Loan</u>
			\$ 127,000.00
2/1/2022	\$ 2,540.00		113,000.00
8/1/2022	2,540.00	\$ 14,000.00	99,000.00
2/1/2023	2,260.00		99,000.00
8/1/2023	2,260.00	14,000.00	85,000.00
2/1/2024	1,980.00		85,000.00
8/1/2024	1,980.00	14,000.00	71,000.00
2/1/2025	1,700.00		71,000.00
8/1/2025	1,700.00	14,000.00	57,000.00
2/1/2026	1,420.00		57,000.00
8/1/2026	1,420.00	14,000.00	43,000.00
2/1/2027	1,140.00		43,000.00
8/1/2027	1,140.00	19,000.00	24,000.00
2/1/2028	760.00		24,000.00
8/1/2028	760.00	19,000.00	5,000.00
2/1/2029	380.00		5,000.00
8/1/2029	380.00	19,000.00	
	<u>\$ 24,360.00</u>	<u>\$ 127,000.00</u>	

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

SCHEDULE OF NOTE OUTSTANDING DECEMBER 31, 2021
THE CONSTRUCTION FINANCING LOAN PROGRAM

<u>Project No.</u>	<u>Ord. No.</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2021</u>
NJWB-CFP-2021-1-JM	18-12; 19-17	11/4/21	6/30/23	0.00%	\$ 3,458,000.00

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

Ord. No.	Improvement Description	Balance	2021	Bond	NJ Environmental	Balance
		Dec. 31, 2020	Improvement Authorizations	Anticipation Notes Issued	Infrastructure Loans Issued	Dec. 31, 2021
13-07	Various Public Improvements	\$ 320.00				\$ 320.00
14-10	Rehabilitation of Madison-Chatham Joint Meeting Facility	288,000.00				288,000.00
19-09	Various Improvements and Equipment	113,250.00		\$ 113,000.00		250.00
18-12; 19-17	Madison-Chatham Joint Meeting - Molitor Pollution Control Facility	728,000.00			\$ 728,000.00	
20-09	Replacing Equipment and Machinery	1,095,000.00		1,095,000.00		
21-13	Various Improvements and Acquisitions		\$ 835,430.00			835,430.00
21-19	Resurfacing of Hillside Avenue		97,000.00			97,000.00
		<u>\$ 2,224,570.00</u>	<u>\$ 932,430.00</u>	<u>\$ 1,208,000.00</u>	<u>\$ 728,000.00</u>	<u>\$ 1,221,000.00</u>

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
WATER UTILITY FUND

BOROUGH OF CHATHAM
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2020	D	\$ 871,104.81	\$ 490,304.32
Increased by Receipts:			
Consumer Accounts Receivable		\$ 1,721,550.01	
Miscellaneous Revenue Anticipated		1,497.93	
Water Rent Overpayments		14,395.28	
Miscellaneous Revenue Not Anticipated		328,015.00	
Due Current Fund:			
Sewer Rents		134.05	
Due Water Utility Operating Fund:			
Interest Earned			\$ 174.67
Due Water Utility Capital Fund:			
Prior Year Interfund Returned		1.58	
Bond Anticipation Note Issued			150,000.00
Capital Improvement Fund			
2021 Budget Appropriation			34,900.00
2020 Budget Appropriation			195,000.00
		<u>2,065,593.85</u>	<u>380,074.67</u>
		2,936,698.66	870,378.99
Decreased by Disbursements:			
2021 Appropriation Expenditures		1,555,845.02	
2020 Appropriation Reserve Expenditures		223,682.19	
Interest on Bonds		37,323.02	
Interest on Notes		3,902.20	
Refund of Water Rent Overpayments		92.65	
Due Current Fund:			
Surplus Anticipated		215,000.00	
Due Water Utility Operating Fund:			
Interfund Returned			1.58
Improvement Authorizations			167,455.02
		<u>2,035,845.08</u>	<u>167,456.60</u>
Balance December 31, 2021	D	<u>\$ 900,853.58</u>	<u>\$ 702,922.39</u>

Ord. No.	Improvement Description	Receipts			Disbursements		Transfers		Balance / (Deficit) Dec. 31, 2021	
		Balance / (Deficit) Dec. 31, 2020	Budget Appropriation	Miscellaneous	Bond Anticipation Notes	Improvement Authorizations	Miscellaneous	From		To
	Capital Fund Balance	\$ 22,674.62							\$ 22,674.62	
	Capital Improvement Fund	180,337.02	\$ 229,900.00				\$ 227,700.00		182,537.02	
	Due Water Utility Operating Fund	1.58		\$ 174.67			\$ 1.58		\$ 2,127.20	2,301.87

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

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 106,794.08
Increased by:		
Billings		1,736,168.96
		<u>1,842,963.04</u>
Decreased by:		
Collections		\$ 1,721,550.01
Overpayments Applied		13,949.45
		<u>1,735,499.46</u>
Balance December 31, 2021	D	<u><u>\$ 107,463.58</u></u>

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	Balance Dec. 31, 2020	Additions by Capital Outlay	Additions by Ordinance	Balance Dec. 31, 2021
Pumping System Land	\$ 32,969.57			\$ 32,969.57
Springs and Wells	1,314,670.88			1,314,670.88
Pumping Station Structure	32,615.47			32,615.47
Electric Station Structure	62,901.82			62,901.82
Other Pumping Power Equipment	14,408.96			14,408.96
Miscellaneous Pumping Equipment	5,599.36			5,599.36
Storage Reservoirs, Tank and Standpipe	58,678.47			58,678.47
Distribution Mains and Accessories	3,048,360.57			3,048,360.57
Service Pipes and Stops	31,278.87			31,278.87
Meters, Meter Boxes and Valves	745,461.93	\$ 1,792.00		747,253.93
Fire Hydrants, Cisterns and Valves	197,291.87			197,291.87
General Equipment	293,953.85	6,720.78	\$ 598,017.07	898,691.70
Other Tangible Water Capital	830.00			830.00
Fence	7,671.42			7,671.42
Alarm System at Plant	1,506.62			1,506.62
Heating System	6,542.21			6,542.21
Office Machine	4,212.80			4,212.80
Automotive Equipment	3,595.31			3,595.31
Plant Automation	4,896.75			4,896.75
Water Chlorination Facilities	24,098.20			24,098.20
Replacement of Standpipe No 1	90,455.00			90,455.00
Low Water Main and Stabilize Banks of Day's Brook	3,756.88			3,756.88
Pick-up Trucks	59,223.27			59,223.27
Utility Truck	14,300.14			14,300.14
Preparation of Water Master Plan	4,000.00			4,000.00
Hydraulic Pavement Breaker	7,308.60			7,308.60
Computer Equipment	27,817.44			27,817.44
Hydraulic Boring Tool	6,847.02			6,847.02
Leak Detection Equipment	3,467.02			3,467.02
Storage Building	7,993.86			7,993.86
Emergency Repairs to Well # 2	30,000.00			30,000.00
Purchase Valve Replacements	2,744.89			2,744.89
Water System Inter-Connection Upgrade	9,908.25			9,908.25
Improvement of Garage	8,425.00			8,425.00
Communication Systems Upgrade	3,000.00			3,000.00
Chlorination Equipment	21,581.90			21,581.90
Water Metering Upgrade	11,472.00			11,472.00
Well Housing Improvements	22,599.03			22,599.03
Tractor and Backhoe	19,333.12			19,333.12
Storage Tank Inspection	12,528.45			12,528.45
Improvements to Property-Paving	24,000.00			24,000.00
Electrical Improvements	6,500.00			6,500.00
Water Meters and Backhoe	89,000.00			89,000.00
Water Mains and Well #1 Rehabilitation	138,500.00			138,500.00
Improvements of Offices	74,756.50			74,756.50
Meter Reading Equipment	41,891.91			41,891.91
New Automotive Vehicle	28,325.33			28,325.33
Various Purchases	207,133.25			207,133.25
Bond Issuance Costs	5,000.00			5,000.00
	<u>\$ 6,873,413.79</u>	<u>\$ 8,512.78</u>	<u>\$ 598,017.07</u>	<u>\$ 7,479,943.64</u>

Ref.

D

D

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

Ord. No.	Improvement Description	Ordinance		Balance Dec. 31, 2020	2021 Authorizations			Costs to Fixed Capital	Balance Dec. 31, 2021
		Date	Amount		Capital Improvement Fund	Deferred Charges to Future Revenue			
10-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	05/10/10	\$ 236,100.00	\$ 236,034.54			\$	236,034.54	
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	06/13/11	159,135.00	159,133.25				159,133.25	
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	03/25/13	201,056.00	202,849.28				202,849.28	
14-05	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/28/14	201,056.00	115,815.97			\$		115,815.97
15-06	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/27/15	201,056.00	187,349.18					187,349.18
15-10	Various Purchases and Improvements	09/14/15	170,000.00	170,000.00					170,000.00
16-03	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/25/16	195,700.00	195,700.00					195,700.00
16-10	Various Improvements	09/26/16	347,000.00	347,000.00					347,000.00
17-02	Various Improvements	02/13/17	151,000.00	151,000.00					151,000.00
18-03	Various Improvements	03/12/18	430,000.00	430,000.00					430,000.00
19-08	Various Improvements and Acquisitions	04/22/19	195,000.00	195,000.00					195,000.00
21-08	Various Improvements	04/12/21	195,000.00		\$ 195,000.00				195,000.00
21-11	Repair of Small Backhoe	05/24/21	20,000.00		20,000.00				20,000.00
21-14	Various Improvements & Acquisition of New Additional or Replacement Equipment & Machinery	05/24/21	254,000.00		12,700.00	\$ 241,300.00			254,000.00
				\$ 2,389,882.22	\$ 227,700.00	\$ 241,300.00	\$	598,017.07	\$ 2,260,865.15

BOROUGH OF CHATHAM
WATER UTILITY OPERATING FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER, 31 2021

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 59,775.63	\$ 59,775.63		\$ 59,775.63
Other Expenses	80,781.44	80,781.44	\$ 20,169.41	60,612.03
Capital Improvements:				
Capital Improvement Fund		195,000.00	195,000.00	
Capital Outlay	214,112.72	19,112.72	8,512.78	10,599.94
Deferred Charges and Statutory Expenditures:				
Public Employees' Retirement System	10,000.00	10,000.00		10,000.00
Social Security System (O.A.S.I.)	9,065.11	9,065.11		9,065.11
Unemployment Compensation	2,224.00	2,224.00		2,224.00
	<u>\$ 375,958.90</u>	<u>\$ 375,958.90</u>	<u>\$ 223,682.19</u>	<u>\$ 152,276.71</u>

Ref.

Analysis of Balance December 31, 2020:

Appropriation Reserves:

Unencumbered	D	\$ 357,922.29
Encumbered	D	18,036.61
		<u>\$ 375,958.90</u>

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Date	Ordinance	Balance Dec. 31, 2020		2021 Authorizations		Paid or Charged	Balance Dec. 31, 2021	
				Funded	Unfunded	Capital Improvement Fund	Deferred Charges to Future Revenue		Funded	Unfunded
10-13	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	05/10/10	\$ 236,100.00	\$ 266.21				\$ 266.21		
11-13	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	06/13/11	159,135.00	715.38				715.38		
13-08	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	03/25/13	305,000.00	67.09				67.09		
14-05	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/28/14	119,000.00	8,643.07				178.01	\$ 8,465.06	
15-06	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/27/15	191,000.00	20,763.99				666.86	20,097.13	
15-10	Various Purchases and Improvements	09/14/15	170,000.00		\$ 13,346.65			980.67		\$ 12,365.98
16-03	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	04/25/16	195,700.00	29,127.80					29,127.80	
16-10	Various Improvements	09/26/16	347,000.00	142,829.87					142,829.87	
17-02	Various Improvements	02/13/17	151,000.00	7,794.14					7,794.14	
18-03	Various Improvements	03/12/18	430,000.00		176,254.76					176,254.76
19-08	Various Improvements and Acquisitions	04/22/19	195,000.00	37,482.14				6,875.00	30,607.14	
21-08	Various Improvements	04/12/21	195,000.00			\$ 195,000.00		97,675.66	97,324.34	
21-11	Repair of Small Backhoe	05/24/21	20,000.00			20,000.00		4,221.16	15,778.84	
21-14	Various Public Improvements and Acquisition of New Additional and Replacement Equipment	05/24/21	254,000.00			12,700.00	\$ 241,300.00	57,936.18		196,063.82
				\$ 247,689.69	\$ 189,601.41	\$ 227,700.00	\$ 241,300.00	\$ 169,582.22	\$ 352,024.32	\$ 384,684.56
				Ref.	D	D	D	D	D	D
				Cash Disbursed						
				Due Water Utility Operating Fund:						
				Accrued Interest on Bonds						
				Accrued Interest on Notes						
				\$ 167,455.02						
				1,146.53						
				980.67						
				\$ 169,582.22						

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

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 180,337.02
Increased by:		
2021 Budget Appropriation		\$ 34,900.00
2020 Reserve Budget Appropriation		<u>195,000.00</u>
		<u>229,900.00</u>
		410,237.02
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>227,700.00</u>
Balance December 31, 2021	D	<u><u>\$ 182,537.02</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 6,421,952.22
Increased by:		
Transfer from Deferred Reserve for Amortization	\$	41,758.79
Serial Bonds Retired		310,000.00
Water Utility Operating Appropriation Reserves		8,512.78
		<u>360,271.57</u>
Balance December 31, 2021	D	<u><u>\$ 6,782,223.79</u></u>

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

Ord. No.	Improvement Description	Ord. Date	Balance Dec. 31, 2020	2021 Authorizations	Paid by Budget Appropriation	Transfer to Reserve for Amortization	Balance Dec. 31, 2021
10-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	05/10/10	\$ 11,734.54			\$ 11,734.54	
11-13	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	06/13/11	8,613.25			8,613.25	
13-08	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	03/25/13	21,411.00			21,411.00	
14-05	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/28/14	5,700.00				\$ 5,700.00
15-06	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/27/15	9,550.00				9,550.00
15-10	Various Purchases and Improvements	09/14/15	20,000.00				20,000.00
16-03	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	04/08/16	9,785.00				9,785.00
16-10	Various Improvements	08/12/16	347,000.00				347,000.00
17-02	Various Improvements	02/13/17	7,550.00				7,550.00
18-03	Various Improvements	03/12/18	72,000.00		\$ 39,000.00		111,000.00
19-08	Various Improvements and Acquisitions	04/22/19	195,000.00				195,000.00
21-08	Various Improvements	4/12/2021		\$ 195,000.00			195,000.00
21-11	Repair of Small Backhoe	5/24/2021		20,000.00			20,000.00
21-14	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment	5/24/2021		12,700.00			12,700.00
			\$ 708,343.79	\$ 227,700.00	\$ 39,000.00	\$ 41,758.79	\$ 933,285.00
		<u>Ref.</u>	D			D	

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

Ord. No.	Improvement Description	Date of				Interest Rate	Balance Dec. 31, 2020	Issued	Matured	Balance Dec. 31, 2021
		Issue of Original Note	Issue	Maturity						
18-03	Various Improvements	5/24/2018	5/22/2020 5/21/2021	5/21/2021 5/20/2022	1.09% 1.25%		\$ 358,000.00	\$ 319,000.00	\$ 358,000.00	\$ 319,000.00
15-10	Various Purchases and Improvements	5/22/2021	5/21/2021	5/20/2022	1.25%			150,000.00		150,000.00
							<u>\$ 358,000.00</u>	<u>\$ 469,000.00</u>	<u>\$ 358,000.00</u>	<u>\$ 469,000.00</u>
					<u>Ref.</u>		D			D
				Renewals		\$ 319,000.00		\$ 319,000.00		
				New Issue		150,000.00			39,000.00	
				Paid By Budget Appropriation						
						<u>\$ 469,000.00</u>		<u>\$ 469,000.00</u>	<u>\$ 358,000.00</u>	

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds					
			Outstanding			Balance Dec. 31, 2021		
			Date	December 31, 2021 Amount	Interest Rate			
Water Bonds	8/1/2002	\$ 1,274,000.00	8/1/2022	\$ 89,000.00	4.750%	\$ 174,000.00	\$ 85,000.00	\$ 89,000.00
Water Bonds	8/15/2011	916,000.00	8/15/2022	90,000.00	2.500%			
			8/15/2023	96,000.00	2.500%	276,000.00	90,000.00	186,000.00
Water Bonds Refunding Series 2016	11/23/2016	600,000.00	12/15/2022	60,000.00	1.370%			
			12/15/2023	60,000.00	1.370%			
			12/15/2024	55,000.00	1.370%			
			12/15/2025	55,000.00	1.370%			
			12/15/2026	50,000.00	1.370%	340,000.00	60,000.00	280,000.00
Water Bonds	4/1/2017	1,020,000.00	4/1/2022	80,000.00	2.000%			
			4/1/2023	85,000.00	2.000%			
			4/1/2024	85,000.00	2.000%			
			4/1/2025	85,000.00	2.000%			
			4/1/2026	95,000.00	2.125%			
			4/1/2027	110,000.00	2.250%			
			4/1/2028	110,000.00	2.250%			
			4/1/2029	110,000.00	3.000%			
								835,000.00
					\$ 1,625,000.00	\$ 310,000.00	\$ 1,315,000.00	

Ref.

D

D

BOROUGH OF CHATHAM
WATER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	Improvement Description	Balance Dec. 31, 2020	2021 Improvement Authorizations	Bonds Anticipation Notes Issued	Balance Dec. 31, 2021
15-10	Various Purchases and Improvements	\$ 150,000.00		\$ 150,000.00	
21-14	Various Public Improvements and the Acquisition of New Additional and Replacement Equipment		\$ 241,300.00		\$ 241,300.00
		\$ 150,000.00	\$ 241,300.00	\$ 150,000.00	\$ 241,300.00

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
SOLID WASTE UTILITY FUND

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

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2020	E	\$ 317,344.23	\$ -0-
Increased by Receipts:			
Consumer Accounts Receivable	\$	778,382.63	
Miscellaneous Revenue Anticipated		331.04	
Water Rent Overpayments		8,603.70	
Recycling Tonnage Grant		23,275.11	
Miscellaneous Revenue Not Anticipated		18,507.63	
Due Current Fund:			
Interfund Returned		37,279.65	
Capital Improvement Fund:			
Budget Appropriations		\$ 53,000.00	
Budget Appropriations Reserves		30,000.00	
		<u>866,379.76</u>	<u>83,000.00</u>
		1,183,723.99	83,000.00
Decreased by Disbursements:			
2021 Appropriation Expenditures		709,911.42	
2020 Appropriation Reserve Expenditures		97,186.04	
Improvement Authorizations			15,171.00
		<u>807,097.46</u>	<u>15,171.00</u>
Balance December 31, 2021	E	\$ <u>376,626.53</u>	\$ <u>67,829.00</u>

BOROUGH OF CHATHAM
SOLID WASTE UTILITY CAPITAL FUND

ANALYSIS OF CASH

YEAR ENDED DECEMBER 31, 2021

	Receipts Budget Appropriation	Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2021
			From	To	
Capital Improvement Fund	\$ 83,000.00		\$ 72,000.00		\$ 11,000.00
Ord. No.	Improvement Description				
21-09	Stainless Steel Dump Truck Body			\$ 30,000.00	30,000.00
21-12	Various Capital Improvements			42,000.00	26,829.00
	\$ 83,000.00	\$ 15,171.00	\$ 72,000.00	\$ 72,000.00	\$ 67,829.00

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

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 16,330.20
Increased by:		
Billings		785,479.44
		<u>801,809.64</u>
Decreased by:		
Collections	\$ 778,382.63	
Overpayments Applied	<u>6,920.25</u>	
		<u>785,302.88</u>
Balance December 31, 2021	E	<u><u>\$ 16,506.76</u></u>

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

	Balance Dec. 31, 2020	Balance Dec. 31, 2021
Solid Waste Utility Improvements	\$ 18,000.00	\$ 18,000.00
	<u>\$ 18,000.00</u>	<u>\$ 18,000.00</u>
<u>Ref.</u>	E	E

BOROUGH OF CHATHAM
SOLID WASTE UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2021

Ord. No.	Improvement Description	Ordinance		2021 Authorizations	Balance Dec. 31, 2021
		Date	Amount	Capital Improvement Fund	
21-09	Stainless Steel Dump Truck Body	4/12/2021	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00
21-12	Various Capital Improvements	5/24/2021	42,000.00	42,000.00	42,000.00
				<u>\$ 72,000.00</u>	<u>\$ 72,000.00</u>

Ref.

E

BOROUGH OF CHATHAM
SOLID WASTE UTILITY OPERATING FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES
YEAR ENDED DECEMBER, 31 2021

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 3,453.59	\$ 3,453.59		\$ 3,453.59
Other Expenses	67,195.73	67,195.73	\$ 67,186.04	9.69
Capital Improvements:				
Capital Improvement Fund		30,000.00	30,000.00	
Capital Outlay	30,000.00			
Deferred Charges and Statutory Expenditures:				
Social Security System (O.A.S.I.)	181.43	181.43		181.43
Unemployment Compensation	577.37	577.37		577.37
	<u>\$ 101,408.12</u>	<u>\$ 101,408.12</u>	<u>\$ 97,186.04</u>	<u>\$ 4,222.08</u>

Ref.

Analysis of Balance December 31, 2020:

Appropriation Reserves:

Unencumbered	E	\$ 39,480.61
Encumbered	E	61,927.51
		<u>\$ 101,408.12</u>

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

	<u>Ref.</u>		
Balance December 31, 2020	E	\$	-0-
Increased by:			
2021 Budget Appropriation		\$	53,000.00
2020 Reserve Budget Appropriation			<u>30,000.00</u>
			<u>83,000.00</u>
			83,000.00
Decreased by:			
Appropriated to Finance Improvement Authorizations			<u>72,000.00</u>
Balance December 31, 2021	E	\$	<u><u>11,000.00</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2020	E	<u>\$ 18,000.00</u>
Balance December 31, 2021	E	<u><u>\$ 18,000.00</u></u>

BOROUGH OF CHATHAM
SOLID WASTE UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Ord. Date</u>	<u>2021 Authorizations</u>	<u>Balance Dec. 31, 2021</u>
21-09	Stainless Steel Dump Truck Body	4/12/2021	\$ 30,000.00	\$ 30,000.00
21-12	Various Capital Improvements	5/24/2021	42,000.00	42,000.00
			<u>\$ 72,000.00</u>	<u>\$ 72,000.00</u>
		<u>Ref.</u>		E

BOROUGH OF CHATHAM
COUNTY OF MORRIS
2021
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF CHATHAM

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2021

BOROUGH OF CHATHAM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

Name of Federal Agency or Department	Name of Program/ State Account #	Pass-Through Entity ID #	Assistance Listing Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	MEMO	
				From	To				Cumulative Total Expenditures	Amounts Provided to Subrecipients
U.S. Department of Treasury (Passed through New Jersey Department of Community Affairs)	COVID 19 - American Rescue Plan Grant Coronavirus State and Local Government Fiscal Recovery Funds	100-022-8030 687-046010	21.027	03/03/21	12/31/24	\$ 903,812.97	\$ 451,906.48			
Total Department of Treasury							451,906.48			
U.S. Department of Homeland Security (Passed through N.J. Department of Law and Public Safety)	Disaster Grants - Public Assistance - FEMA: Tropical Storm Isaias Severe Winter Storm and Snowstorm	100-066-1200 C73-069820 C80-066290	97.036 97.036	08/04/20 01/31/21	08/04/20 02/02/21	110,431.93 59,687.35	110,431.93 59,687.35	\$ 110,431.93 * 59,687.35	\$ 110,431.93 59,687.35	
							170,119.28	170,119.28	170,119.28	
(Passed Through NJ Department of Emergency Management)	Office of Emergency Management - 2021 Emergency Management Grant	100-066-1200 726-062600	97.042	01/01/21	12/31/22	10,000.00	10,000.00			
Total US Department of Homeland Security							180,119.28	170,119.28	170,119.28	
TOTAL FEDERAL AWARDS						\$ 632,025.76	\$ 170,119.28	\$ 170,119.28	\$ -0-	

* - Expended in a prior year

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

BOROUGH OF CHATHAM
SCHEDULE OF EXPENDITURES OF STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

Name of State Agency or Department	State Account Number	Grant Period		Grant Award Amount	Amount Received	Amount of Expenditures	MEMO Cumulative Total Expenditures
		From	To				
<u>Department of Law and Public Safety:</u>							
Body Armor Grant:	718-066-1020						
2021	001-090160	01/01/21	12/31/22	\$ 1,727.66	\$ 1,727.66		
Drunk Driving Enforcement Fund:							
2019	N/A	01/01/19	12/31/22	5,169.50	\$ 855.00	\$ 855.00	
Total Department of Law and Public Safety					1,727.66	855.00	855.00
<u>Department of Environmental Protection:</u>							
Recycling Tonnage Grant:	100-042-4910-						
2021	224-238490	01/01/21	12/31/21	23,275.11	23,275.11	23,275.11	23,275.11
Clean Communities Act:	765-042-4900						
2019	004-178910	01/01/19	12/31/21	17,437.99	348.65	17,437.99	17,437.99
2020	004-178910	01/01/20	12/31/22	15,723.17	12,099.98	12,099.98	12,099.98
2021	004-178910	01/01/21	12/31/22	16,734.49	16,734.49	1,397.86	1,397.86
Total Department of Environmental Protection					16,734.49	13,846.49	30,935.83
Department of Treasury:							
Passed Through County of Morris:							
Governor's Council on Alcoholism and Drug Abuse - Municipal Alliance	760-098-9735						
State Share - 2020-2021	001-060000	07/01/20	06/30/21	9,278.87	9,278.87	9,278.87	9,278.87
State Share - 2021-2022	001-060000	07/01/21	06/30/22	6,035.00	1,060.70	1,060.70	1,060.70
Total Department of the Treasury						10,339.57	10,339.57
TOTAL STATE AWARDS					\$ 41,737.26	\$ 48,316.17	\$ 65,405.51
N/A - Not Available							

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

BOROUGH OF CHATHAM
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

A. BASIS OF PRESENTATION

The accompanying Schedules of Expenditures of Federal and State Awards (the "Schedules") include the federal and state grant activity of the Borough of Chatham under programs of the federal and state governments for the year ended December 31, 2021. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough of Chatham, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough of Chatham.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

C. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

D. N.J ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

At December 31, 2021, the Borough has \$742,319.81 and \$495,000.00 of N.J. Environmental Infrastructure Trust and Fund Loans Payable and \$3,458,000.00 of N.J. Environmental Infrastructure Trust Construction Loan Payable outstanding which are recorded in the General Capital Fund.

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

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements – *regulatory basis* - of the various funds of the Borough of Chatham, in the County of Morris (the "Borough") as of, and for the years ended, December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated June 17, 2022. 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.

Report on Internal Control Over Financial Reporting

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

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

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

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

Report on Compliance and Other Matters

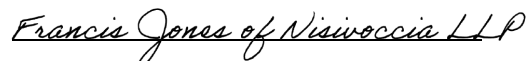
As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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

Mount Arlington, New Jersey
June 17, 2022

NISIVOCIA LLP

Handwritten signature of Francis Jones in cursive script.

Francis Jones
Certified Public Accountant
Registered Municipal Accountant No. 442

BOROUGH OF CHATHAM
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- There were no significant deficiencies, or material weaknesses disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08 for the year ended December 31, 2021 as both state and federal grant expenditures were less than the single audit thresholds of \$750,000 identified in the Circulars.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

BOROUGH OF CHATHAM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

There were no prior audit findings.

BOROUGH OF CHATHAM

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS

1

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

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

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

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

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

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

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

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

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

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

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

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed. None were noted.

Collection of Interest on Delinquent Taxes and Assessments

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

On January 4, 2021, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility charges:

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

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

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

Delinquent Taxes and Tax Title Liens

The Borough did not have a tax sale in 2021.

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

<u>Year</u>	<u>Number of Liens</u>
2021	1
2020	1
2019	1

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

Municipal Court

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

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

3

New Jersey Administrative Code Accounting Requirements

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

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

The Borough is in compliance with these requirements.

Overpayments

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

Management Response:

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

Confirming Orders

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

Management Response:

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

Payroll

During our review of payroll, it was noted that an analysis of balance for the payroll agency account was not maintained. It is recommended that an analysis of balance for the payroll agency account be maintained.

Management Response:

Management will ensure that an analysis of balance for the payroll agency account will be maintained.

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

4

Management Suggestions:

Grants

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

Capital Balances

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

Other Trust Fund

Upon review of the Borough's budget rider report, it was noted that the Borough does not have a dedication-by-rider for all the reserves in the Other Trust Funds. It is suggested that the Borough submit application to the State to seek approval for the dedication-by-riders for all applicable Trust Fund reserves from the State of New Jersey according to N.J.S.A.40A:4-39.

Animal Control

During our review of the Animal Control Fund, it was noted that the bank reconciliation did not tie to the reconciliation of dog licenses and fees. It is suggested that the Animal Control fund bank reconciliation tie to the reconciliation of dog licenses and fees.

Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 87, *Leases*, is effective for the year ended December 31, 2022. Previously leases were either categorized as capital leases or operating leases. This statement will likely affect most leases formerly classified as operating leases. There will be required disclosures for leases for which the Borough is either a lessee or a lessor although there will be no impact on the actual financial statements. It is likely that a lease software or similar spreadsheets will need to be utilized to perform the various calculations necessary to implement this standard.

COVID-19 Federal Funding

It is possible that the Borough will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Borough ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Borough ensures that these funds are separately accounted for in the Borough's accounting records and that any applicable Borough policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

BOROUGH OF CHATHAM
COMMENTS AND RECOMMENDATIONS
(Continued)

Status of Prior Year Recommendations

The recommendation regarding the absence of a fixed asset appraisal report has been resolved in the current year. The recommendations regarding the tax overpayments and the purchase order procedures have not been resolved and are included in the current year audit.

BOROUGH OF CHATHAM
SUMMARY OF RECOMMENDATIONS

6

It is recommended that:

1. The Borough's accounting records agree to all underlying analyses for tax overpayments.
2. The purchase orders are authorized and follow the proper procedure before making a purchase.
3. An analysis of balance for the payroll agency account be maintained

* * * * *