

**BOROUGH OF ESSEX FELLS  
COUNTY OF ESSEX  
NEW JERSEY**

**REPORT ON  
EXAMINATION OF ACCOUNTS  
FOR THE YEAR 2022**

**SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

**BOROUGH OF ESSEX FELS**  
**COUNTY OF ESSEX, NEW JERSEY**

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**AND**  
**SUPPLEMENTARY EXHIBITS**  
**YEAR ENDED DECEMBER 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Borough Council  
Borough of Essex Fells  
Essex Fells, New Jersey 07021

### Opinions

We have audited the financial statements - regulatory basis of the various funds and account groups of the Borough of Essex Fells, in the State of New Jersey, as of and for the years then ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, as listed in the foregoing table of contents.

### Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements - regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Borough of Essex Fells at December 31, 2022 and 2021, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

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

In our opinion, because of the significance of the matter discussed in the "*Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles*" paragraph, the financial statements - regulatory basis referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Borough as of December 31, 2022 and 2021 and the results of its operations for the years then ended.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 of Essex Fells, State of New Jersey, 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 of Essex Fells, State of New Jersey, on the basis of the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, 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 of Local Government Services, Department of Community Affairs. 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. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Essex Fells, State of New Jersey's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 of Essex Fells, State of New Jersey'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 of Essex Fells, State of New Jersey's ability to continue as a going concern for a reasonable period of time.

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.



## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Essex Fells, State of New Jersey's basic financial statements. The accompanying schedule of expenditures of federal 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*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2023, on our consideration of the Borough of Essex Fells, State of New Jersey'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 of Essex Fells, State of New Jersey'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 of Essex Fells, State of New Jersey's internal control over financial reporting and compliance.



SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI, RMA, PA

BOROUGH OF ESSEX FELS  
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A  
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2022</u>	Balance <u>Dec. 31, 2021</u>
<u>Regular Fund</u>			
Cash - Checking Account	A-4	\$ 2,554,837.88	\$ 2,476,162.84
Change Fund	A-5	100.00	
		<u>2,554,937.88</u>	<u>2,476,162.84</u>
Receivables and Other Assets with Full Reserves:			
Change Fund	A-5		100.00
Taxes Receivable	A-7	342,318.55	305,987.85
Property Acquired for Taxes - Assessed Valuation	A-8	1,900.00	1,900.00
Interfunds Receivable	A-9	57,266.94	229,751.68
Revenue Accounts Receivable	A-10	32,518.24	30,486.88
		<u>434,003.73</u>	<u>568,226.41</u>
Due from State of New Jersey per Ch.129, P.L. 1976	A-6		483.24
		<u>2,988,941.61</u>	<u>3,044,872.49</u>
<u>Federal and State Grant Fund</u>			
Grants Receivable	A-11	276,766.00	1,298,116.12
		<u>\$ 3,265,707.61</u>	<u>\$ 4,342,988.61</u>

BOROUGH OF ESSEX FELLS  
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A  
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
<u>Regular Fund</u>			
Appropriation Reserves:			
Unencumbered	A-3,12	\$ 390,112.51	\$ 430,216.95
Encumbered	A-3,12	88,116.53	99,953.45
Reserve for Municipal Relief Aid	A-13	10,473.16	
Interfunds Payable	A-14		
Reserve for Tax Appeals	A-15	105,807.20	60,585.32
Due to State of New Jersey:			
Department of Community Affairs	A-16	2,066.00	4,199.00
Sewer Overpayments	A-17	1,644.68	586.67
Accounts Payable	A-18	24,032.12	28,289.35
County Taxes Payable	A-19	12,218.85	7,065.04
Local School District Tax Payable	A-20	0.98	1.04
Regional High School Tax Payable	A-21	34,566.25	72,194.25
Prepaid Taxes	A-22	144,936.69	170,733.96
Reserve for Donated Assets	A-23	1,997.50	1,997.50
		<u>815,972.47</u>	<u>875,822.53</u>
Reserve for Receivables		434,003.73	568,226.41
Fund Balance	A-1	1,738,965.41	1,600,823.55
		<u>2,988,941.61</u>	<u>3,044,872.49</u>
<u>Federal and State Grant Fund</u>			
Interfunds Payable	A-23	57,266.94	229,751.68
Reserve for Grants	A-24	68,281.38	940,076.68
Reserve for Revenue - Unappropriated:			
State Grants	A-25	151,217.68	128,287.76
		<u>276,766.00</u>	<u>1,298,116.12</u>
		<u>\$ 3,265,707.61</u>	<u>\$ 4,342,988.61</u>

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELLS  
CURRENT FUND

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

A-1

	<u>Ref.</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 735,000.00	\$ 700,000.00
Miscellaneous Revenue Anticipated	A-2	1,162,666.67	1,821,997.20
Receipts from Delinquent Taxes	A-2b	296,205.60	158,641.63
Receipts from Current Taxes	A-2b	16,088,410.23	16,170,151.04
Nonbudget Revenue	A-2c	197,657.18	101,630.94
Other Credits to Income:			
Reserve for Change Fund Liquidated	Reserve	100.00	
Interfunds Receivable Liquidated	A-9	172,484.74	59,257.62
Appropriation Reserves Lapsed	A-12	411,476.17	721,658.67
Accounts Payable Cancelled	A-17	266.94	
Due to County Cancelled	A-18	1,109.36	
Federal and State Grant Reserves Cancelled	A-24	592,240.17	
		<u>19,657,617.06</u>	<u>19,733,337.10</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operations:			
Salaries and Wages		2,228,236.00	2,334,591.60
Other Expenses		2,282,435.36	2,742,630.97
Capital Improvements		20,000.00	20,000.00
Debt Service		409,152.45	430,186.54
Deferred Charges and Statutory			
Expenditures		<u>925,085.00</u>	<u>837,012.50</u>
	A-3	<u>5,864,908.81</u>	<u>6,364,421.61</u>
Refund of Prior Year Revenue			105.19
Due from State of New Jersey Cancelled	A-6	483.24	
Federal and State Grant Receivables Cancelled	A-11	621,087.08	
County Taxes	A-18	3,733,633.07	3,830,156.73
Local School District Tax	A-19	5,505,199.00	5,384,351.00
Regional School District Tax	A-20	<u>3,059,164.00</u>	<u>3,135,412.00</u>
		<u>18,784,475.20</u>	<u>18,714,446.53</u>
Excess in Revenue		873,141.86	1,018,890.57
<u>Fund Balance</u>			
Balance January 1	A	<u>1,600,823.55</u>	<u>1,281,932.98</u>
		2,473,965.41	2,300,823.55
Decreased by:			
Utilized as Anticipated Revenue	Above	<u>735,000.00</u>	<u>700,000.00</u>
Balance December 31	A	<u>\$ 1,738,965.41</u>	<u>\$ 1,600,823.55</u>

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELS  
CURRENT FUND

STATEMENT OF REVENUE - REGULATORY BASIS

A-2

	<u>Ref.</u>	<u>Anticipated Budget</u>	<u>Special N.J.S. 40A:4-87</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance Anticipated	A-1	\$ 735,000.00	\$	\$ 735,000.00	\$
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	2,500.00		3,071.16	571.16
Fees and Permits	A-2a	58,000.00		59,102.00	1,102.00
Fines and Costs:					
Municipal Court	A-10	24,000.00		33,849.90	9,849.90
Interest and Costs on Taxes	A-4	49,000.00		63,796.76	14,796.76
Interest on Investments	A-10	3,000.00		18,089.15	15,089.15
Police Alarm Fees	A-10	4,000.00		4,000.00	
Payment for Municipal Purpose Taxes Lost Through Use of Property for Essex Fells					
Water Utility	A-10	203,000.00		203,000.00	
Building Rental - United States Post Office	A-10	48,000.00		52,698.75	4,698.75
Sewer Fees	A-10	249,000.00		284,285.12	35,285.12
Energy Receipts Tax	A-10	200,774.00		200,774.00	
American Rescue Plan	A-10	109,273.97		109,273.97	
Uniform Construction Code Fees	A-10	60,000.00		60,740.00	740.00
Utility Operating Surplus of Prior Year	A-10	50,000.00		50,000.00	
Drunk Driving Enforcement Fund	A-11	1,080.00		1,080.00	
Alcohol Education and Rehabilitation	A-11	908.80		908.80	
Body Armor Grant	A-11	1,297.98	972.07	2,270.05	
Recycling Tonnage Grant	A-11	9,610.43		9,610.43	
Clean Communities	A-11	6,116.58		6,116.58	
Total Miscellaneous Revenue	A-1	1,079,561.76	972.07	1,162,666.67	82,132.84
Receipts from Delinquent Taxes	A-2b	285,000.00		296,205.60	11,205.60
Amount to be Raised by Taxation	A-2b,7	4,194,722.53		4,220,414.16	25,691.63
Total Budget Revenue		6,294,284.29	972.07	6,414,286.43	119,030.07
Nonbudget Revenue	A-2c			197,657.18	197,657.18
Total General Revenue		\$ 6,294,284.29	\$ 972.07	\$ 6,611,943.61	\$ 316,687.25
	<u>Reference</u>	<u>A-3</u>	<u>A-3</u>		

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELLS  
CURRENT FUND

STATEMENT OF REVENUE (Continued)  
ANALYSIS OF CERTAIN REVENUE - REGULATORY BASIS

A-2a

	<u>Ref.</u>		
<u>Analysis of Other Fees and Permits</u>			
Clerk:			
Administrative Fees		\$ 7,515.00	
Marriage Fees		<u>12.00</u>	
	A-10		\$ 7,527.00
Registrar of Vital Statistics:			
Copies of Marriage/Death Licenses	A-10		290.00
Engineer:			
Sub-Division/Variance/Soil Grading	A-10		12,735.00
Police:			
Application Fee	A-10		38.00
Construction Code Official:			
Administrative Fees for Electrical		24,878.00	
and Plumbing Permits			
Fire Permits		3,529.00	
Grading		170.00	
Tree Permits		4,150.00	
Code Penalty		2,100.00	
Road Openings		1,050.00	
Smoke Detectors		125.00	
Dumpster Fees		1,150.00	
Zoning Application Fee		<u>1,360.00</u>	
	A-10		<u>38,512.00</u>
	A-2		<u><u>\$59,102.00</u></u>

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See accompanying notes to financial statements.

BOROUGH OF ESSEX FELS  
CURRENT FUND

STATEMENT OF REVENUE (Continued)  
ANALYSIS OF REALIZED REVENUE - REGULATORY BASIS

A-2b

	<u>Ref.</u>		
<u>Allocation of Delinquent Tax Collections</u>			
Delinquent Taxes Collected	A-1,2,7		<u>\$ 296,205.60</u>
<u>Allocation of Current Tax Collections</u>			
Revenue from Collections:			
Collected in 2022	A-7	\$15,997,426.27	
Collected in 2021	A-7	170,733.96	
State Share of Senior Citizen			
Deductions	A-7	<u>5,250.00</u>	
			\$16,173,410.23
Less: Reserve for Tax Appeals	A-14		<u>85,000.00</u>
	A-1		<u>16,088,410.23</u>
Allocated to:			
County Tax:			
General	A-18	3,733,633.07	
Local School District Taxes	A-19	5,505,199.00	
Regional School District Taxes	A-20	<u>3,059,164.00</u>	
			<u>12,297,996.07</u>
Balance for Support of Municipal Budget			
Appropriations			3,790,414.16
Plus: Appropriation for Reserve for			
Uncollected Taxes	A-3		<u>430,000.00</u>
	A-2		<u>\$ 4,220,414.16</u>

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELLS  
CURRENT FUND

STATEMENT OF REVENUE (Continued)  
ANALYSIS OF NONBUDGET REVENUE - REGULATORY BASIS

A-2c

<u>Ref.</u>		
	<u>Miscellaneous Revenue Not Anticipated</u>	
	Sewer Penalty	\$ 354.15
	Recreation Fees	15,925.00
	Copies	108.94
	Senior Citizens' and Veterans'	
	Administration Fee	105.00
	Cable Franchise Fees	29,298.85
	FEMA Reimbursement	96,979.89
	Comcast Right-of-Way	10,197.14
	NSF Fees	20.00
	Animal Control Excess Fund Balance	5,658.27
	Miscellaneous	<u>39,009.94</u>
A-1,2,4		<u><u>\$197,657.18</u></u>

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See accompanying notes to financial statements.



BOROUGH OF ESSEX FIELDS  
CURRENT FUND

A-3  
Sheet #1

STATEMENT OF EXPENDITURES - REGULATORY BASIS

	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 87,630.00	\$ 88,630.00	\$ 88,120.97	\$ 248.98	\$ 509.03	\$
Other Expenses	27,875.00	27,875.00	19,774.03		7,851.99	
Information Technology	31,000.00	31,000.00	27,413.22		3,586.78	
Elections:						
Other Expenses	3,500.00	4,500.00	4,354.08		145.92	
Financial Administration:						
Salaries and Wages	20,000.00	20,000.00	19,999.12		0.88	
Other Expenses	56,120.00	56,120.00	48,840.50		7,279.50	
Annual Audit	26,000.00	26,000.00	21,582.09	535.00	3,882.91	
Assessment of Taxes:						
Salaries and Wages	15,000.00	15,000.00	15,000.00			
Other Expenses	5,000.00	5,000.00	54.79		4,945.21	
Collection of Taxes:						
Salaries and Wages	27,545.00	27,545.00	27,545.00			
Other Expenses	10,000.00	11,000.00	10,505.25		494.75	
Legal Services and Costs:						
Other Expenses	54,000.00	54,000.00	53,582.79		417.21	
Engineering Services and Costs:						
Other Expenses	60,000.00	60,000.00	4,042.50		55,957.50	
Municipal Land Use Law (N.J.S. 40:55D-1):						
Planning Board:						
Other Expenses	10,300.00	10,300.00	9,725.54		574.46	
Zoning Board of Adjustment:						
Other Expenses	15,500.00	15,500.00	505.42		14,994.58	
Insurance:						
Group Health	653,000.00	623,000.00	571,079.45		51,920.55	
Other Insurance	84,829.50	84,829.50	83,829.50		1,000.00	
	<u>1,187,299.50</u>	<u>1,160,299.50</u>	<u>1,005,954.25</u>	<u>783.98</u>	<u>153,561.27</u>	
<u>PUBLIC SAFETY</u>						
Fire:						
Salaries and Wages	6,630.00	2,630.00			2,630.00	
Other Expenses	26,275.00	30,275.00	19,836.27	10,001.92	436.81	
Police:						
Salaries and Wages	1,509,299.03	1,480,299.03	1,448,127.19		32,171.84	
Salaries and Wages - American Rescue Plan	109,273.97	109,273.97	109,273.97			
Other Expenses	93,175.00	93,175.00	89,387.64	3,320.48	466.88	

BOROUGH OF ESSEX FIELDS  
CURRENT FUND

A-3  
Sheet #2

STATEMENT OF EXPENDITURES - REGULATORY BASIS

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>PUBLIC SAFETY</u>						
First Aid Contribution:						
Other Expenses	\$ 7,000.00	\$ 7,000.00	\$ 6,619.83	\$ 13,322.40	\$ 380.17	\$
	<u>1,751,653.00</u>	<u>1,722,653.00</u>	<u>1,673,244.90</u>		<u>36,085.70</u>	
<u>STREETS AND ROADS</u>						
Road Repairs and Maintenance:						
Salaries and Wages	387,208.00	387,208.00	360,680.68		26,527.32	
Other Expenses	207,000.00	207,000.00	145,602.04	59,341.79	2,056.17	
Snow Removal:						
Salaries and Wages	15,000.00	15,000.00			15,000.00	
Other Expenses	27,000.00	27,000.00	5,372.24	10,647.68	10,980.08	
	<u>636,208.00</u>	<u>636,208.00</u>	<u>511,654.96</u>	<u>69,989.47</u>	<u>54,563.57</u>	
<u>SANITATION</u>						
Sewer System:						
Other Expenses	26,000.00	26,000.00	25,542.70	150.00	307.30	
Sanitary Sewer:						
Other Expenses	30,000.00	30,000.00	28,641.28		1,358.72	
	<u>56,000.00</u>	<u>56,000.00</u>	<u>54,183.98</u>	<u>150.00</u>	<u>1,666.02</u>	
<u>HEALTH AND WELFARE</u>						
Board of Health:						
Other Expenses	5,600.00	5,600.00	133.00		5,467.00	
<u>RECREATION AND EDUCATION</u>						
Parks and Playgrounds:						
Salaries and Wages	24,000.00	27,000.00	24,000.00		3,000.00	
Other Expenses	31,975.00	28,475.00	13,915.68	1,037.50	13,521.82	
Library Services:						
Other Expenses	3,500.00	3,500.00	712.50	150.00	2,637.50	
	<u>59,475.00</u>	<u>58,975.00</u>	<u>38,628.18</u>	<u>1,187.50</u>	<u>19,159.32</u>	

BOROUGH OF ESSEX FIELDS  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #3

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved	
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES</u>						
Construction Code Officials:						
Salaries and Wages	\$ 55,650.00	\$ 55,650.00	\$ 52,501.02	\$	\$ 3,148.98	\$
Other Expenses	6,300.00	6,300.00	291.50		6,008.50	
	<u>61,950.00</u>	<u>61,950.00</u>	<u>52,792.52</u>		<u>9,157.48</u>	
<u>UNCLASSIFIED</u>						
Utilities:						
Electricity and Gas	60,000.00	60,000.00	30,985.07	2,335.68	26,679.25	
Gasoline	45,000.00	60,000.00	54,261.89		5,738.11	
Telephone	19,000.00	24,000.00	21,553.10	41.25	2,405.65	
	<u>124,000.00</u>	<u>144,000.00</u>	<u>106,800.06</u>	<u>2,376.93</u>	<u>34,823.01</u>	
Total Operations	<u>3,882,185.50</u>	<u>3,845,685.50</u>	<u>3,443,391.85</u>	<u>87,810.28</u>	<u>314,483.37</u>	
Contingent	<u>15,000.00</u>	<u>15,000.00</u>	<u>8,407.50</u>	<u>306.25</u>	<u>6,286.25</u>	
Contingent within "CAPS"	<u>3,897,185.50</u>	<u>3,860,685.50</u>	<u>3,451,799.35</u>	<u>88,116.53</u>	<u>320,769.62</u>	
Detail:						
Salaries and Wages	2,257,236.00	2,228,236.00	2,145,247.95		82,988.05	
Other Expenses	<u>1,639,949.50</u>	<u>1,632,449.50</u>	<u>1,306,551.40</u>	<u>88,116.53</u>	<u>237,781.57</u>	
<u>STATUTORY EXPENDITURES</u>						
Contributions to:						
Public Employees' Retirement System	77,900.00	77,900.00	77,900.00		3,509.64	
Social Security System	75,000.00	89,500.00	85,990.36			
Police and Firemen's Retirement System of N.J.	535,185.00	535,185.00	535,185.00			
Unemployment Compensation Fund	2,500.00	2,500.00	2,500.00			
Total Statutory Expenditures	<u>690,585.00</u>	<u>705,085.00</u>	<u>701,575.36</u>		<u>3,509.64</u>	
Total Appropriations Within "CAPS"	<u>4,587,770.50</u>	<u>4,565,770.50</u>	<u>4,153,374.71</u>	<u>88,116.53</u>	<u>324,279.26</u>	

## STATEMENT OF EXPENDITURES - REGULATORY BASIS

Unexpended  
Balance  
Cancelled

15

**BOROUGH OF ESSEX FIELDS**  
**CURRENT FUND**

**STATEMENT OF EXPENDITURES - REGULATORY BASIS**

A-3  
Sheet #5

Appropriation	Appropriations		Paid or Charged	Expended		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Reserved Unencumbered	
APPROPRIATIONS EXCLUDED FROM "CAPS"						
Total Appropriations Excluded from "CAPS"	\$1,277,485.86	\$1,299,485.86	\$1,233,305.06	\$	\$ 65,833.25	\$ 347.55
Sub-Total	5,865,256.36	5,865,256.36	5,386,679.77	88,116.53	390,112.51	347.55
Reserve for Uncollected Taxes	430,000.00	430,000.00	430,000.00			
Total Appropriations	\$6,295,256.36	\$6,295,256.36	\$5,816,679.77	\$88,116.53	\$390,112.51	\$ 347.55
Reference	A-2		Below	A	A	Reserve
		Ref.				
Reserve for Uncollected Taxes		A-2b,Below	\$ 430,000.00			
Cash Expenditures		A-4	5,366,693.91			
Reserve for Federal and State Grants		A-24	19,985.86			
		Above	\$5,816,679.77			
		Ref.				
Analysis of Charge to Operations						
Paid or Charged		Above	\$5,816,679.77			
Reserved:						
Encumbered		\$ 88,116.53				
Unencumbered		390,112.51				
			478,229.04			
			6,294,908.81			
Less: Reserve for Uncollected Taxes		Above	430,000.00			
		A-1	\$5,864,908.81			

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELLS  
TRUST FUNDS

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

B

<u>ASSETS</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2022</u>	Balance <u>Dec. 31, 2021</u>
<u>Animal Control Trust Fund</u>			
Cash - Checking Account	B-1	<u>\$ 5,640.03</u>	<u>\$ 8,750.43</u>
<u>Trust Other Fund</u>			
Cash - Checking Accounts	B-2	<u>403,138.90</u>	<u>430,975.89</u>
<u>Payroll</u>			
Cash	B-3	<u>21,979.98</u>	<u>40,561.26</u>
		<u><u>\$430,758.91</u></u>	<u><u>\$480,287.58</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Animal Control Trust Fund</u>			
Reserve for Animal Control Trust Fund Expenditures	B-5	<u>\$ 5,640.03</u>	<u>\$ 8,750.43</u>
<u>Trust Other Fund</u>			
Reserve for State Unemployment	B-7	11,636.59	9,887.74
Compensation Insurance Fund	B-8	<u>391,502.31</u>	<u>421,088.15</u>
Reserve for Expenditures		<u>403,138.90</u>	<u>430,975.89</u>
<u>Payroll</u>			
Payroll Deductions Payable	B-9	<u>21,979.98</u>	<u>40,561.26</u>
		<u><u>\$430,758.91</u></u>	<u><u>\$480,287.58</u></u>

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELLS  
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	Balance <u>Dec. 31, 2022</u>	Balance <u>Dec. 31, 2021</u>
Cash	C-2	\$ 62,107.07	\$ 589,274.64
Deferred Charges to Future Taxation:			
Funded	C-4	313,000.00	463,000.00
Unfunded	C-5	4,299,097.00	3,320,597.00
Federal and State Grants Receivable	C-6	565,000.00	
		<u>\$ 5,239,204.07</u>	<u>\$ 4,372,871.64</u>
 <u>LIABILITIES AND RESERVES</u>			
Serial Bonds Payable	C-13	\$ 313,000.00	\$ 463,000.00
Bond Anticipation Notes	C-12	1,761,000.00	1,997,500.00
Capital Improvement Fund	C-8	1,074.16	11,074.16
Improvement Authorizations:			
Funded	C-9	52,925.36	75,501.98
Unfunded	C-9	2,470,766.43	1,758,544.97
Reserve to Pay Debt Service	C-10	30,199.40	30,199.40
Reserve for Federal and State Grants			
Receivable	C-11	565,000.00	
Fund Balance	C-1	45,238.72	37,051.13
		<u>\$ 5,239,204.07</u>	<u>\$ 4,372,871.64</u>
 Bonds and Notes Authorized but Not Issued	 C-14	 <u>\$ 2,538,097.00</u>	 <u>\$ 1,323,097.00</u>

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELLS  
GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

C-1

	<u>Ref.</u>	
Balance December 31, 2021	C	\$37,051.13
Increased by:		
Premium on Sale of Notes	C-2	<u>8,187.59</u>
Balance December 31, 2022	C	<u><u>\$45,238.72</u></u>

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See accompanying notes to financial statements.



BOROUGH OF ESSEX FELLS  
WATER UTILITY

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

D  
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
<u>Operating Fund</u>			
Cash	D-5	\$ 818,588.47	\$ 1,159,349.42
Interfunds Receivable	D-7	550,000.00	53.43
Receivables and Inventories with Full Reserves:			
Consumer Accounts Receivable	D-8	282,255.93	136,457.92
Inventories - Materials and Supplies	D-9	57,200.00	57,200.00
		<u>1,708,044.40</u>	<u>1,353,060.77</u>
<u>Capital Fund</u>			
Cash	D-5	25,129.31	387,576.10
Fixed Capital	D-10	13,588,342.22	12,666,364.12
Fixed Capital Authorized and Uncompleted	D-11	9,128,895.11	590,873.21
		<u>22,742,366.64</u>	<u>13,644,813.43</u>
		<u>\$24,450,411.04</u>	<u>\$14,997,874.20</u>

BOROUGH OF ESSEX FELS  
WATER UTILITY

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

D  
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
<u>Operating Fund</u>			
Appropriation Reserves:			
Encumbered	D-4,12	\$ 452,862.33	\$ 405,159.88
Unencumbered	D-4,12	129,035.77	257,173.24
Accounts Payable	D-14	118,750.00	50,000.00
Accrued Interest on Bonds	D-15	5,000.00	7,193.75
Water Rent Overpayments	D-16	1,743.48	8,906.59
Accrued Interest on Notes	D-17	423.48	407.73
		<u>707,815.06</u>	<u>728,841.19</u>
Reserve for Receivables and Inventory		339,455.93	193,657.92
Fund Balance	D-1	660,773.41	430,561.66
		<u>1,708,044.40</u>	<u>1,353,060.77</u>
<u>Capital Fund</u>			
Bonds Payable	D-22	320,000.00	476,000.00
Bond Anticipation Notes Payable	D-23	2,061,500.00	2,061,500.00
Interfunds Payable	D-13	550,000.00	53.43
Capital Improvement Fund	D-18	78,746.65	78,746.65
Improvement Authorizations:			
Unfunded	D-19	9,128,895.11	590,873.21
Reserve for Amortization	D-20	10,526,487.33	10,370,487.33
Deferred Reserve for Amortization	D-21	48,950.00	48,950.00
Fund Balance	D-2	27,787.55	18,202.81
		<u>22,742,366.64</u>	<u>13,644,813.43</u>
		<u>\$24,450,411.04</u>	<u>\$14,997,874.20</u>
Bonds and Notes Authorized but Not Issued	D-24	<u>\$ 9,760,300.00</u>	<u>\$ 300,300.00</u>

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELLS  
WATER UTILITY

COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGE IN FUND BALANCE - OPERATING FUND - REGULATORY BASIS

D-1

	<u>Ref.</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Revenue and Other Income</u>			
Fund Balance Utilized	D-3,Below	\$ 187,967.20	\$ 309,000.00
Water Rents	D-3	2,998,224.24	2,776,685.65
Miscellaneous Revenue	D-3	8,441.00	3,581.09
Miscellaneous Revenue Not Anticipated			2.05
Other Credits to Income:			
Unexpended Balance of Appropriation			
Reserves Lapsed	D-12	97,664.76	38,716.39
Accrued Interest Cancelled	D-15	2,193.75	
		<u>3,294,490.95</u>	<u>3,127,985.18</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operating		2,553,349.50	2,673,102.50
Debt Service		179,282.50	215,261.77
Deferred Charges and Statutory			
Expenditures		93,680.00	106,897.50
	D-4	<u>2,826,312.00</u>	<u>2,995,261.77</u>
Prior Year Revenue Refunds			350.00
		<u>2,826,312.00</u>	<u>2,995,611.77</u>
Excess in Revenue		468,178.95	132,373.41
<u>Fund Balance</u>			
Balance January 1	D	<u>430,561.66</u>	<u>707,188.25</u>
		<u>898,740.61</u>	<u>839,561.66</u>
Decreased by:			
Amount Utilized in Current Fund Budget	D-5	50,000.00	100,000.00
Amount Utilized in Operating Budget	Above	187,967.20	309,000.00
		<u>237,967.20</u>	<u>409,000.00</u>
Balance December 31	D	<u>\$ 660,773.41</u>	<u>\$ 430,561.66</u>

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELS  
WATER UTILITY

STATEMENT OF FUND BALANCE  
CAPITAL FUND - REGULATORY BASIS

D-2

	<u>Ref.</u>	
Balance December 31, 2021	D	\$18,202.81
Increased by:		
Premium on Notes	D-5	<u>9,584.74</u>
Balance December 31, 2022	D	<u><u>\$27,787.55</u></u>

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See accompanying notes to financial statements.

BOROUGH OF ESSEX FELLS  
WATER UTILITY

STATEMENT OF REVENUE - OPERATING FUND - REGULATORY BASIS

D-3

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess</u>
Fund Balance	D-1	\$ 187,967.20	\$ 187,967.20	\$
Rents	D-1,8	<u>2,638,362.30</u>	<u>2,998,224.24</u>	<u>359,861.94</u>
		<u>2,826,329.50</u>	<u>3,186,191.44</u>	<u>359,861.94</u>
Miscellaneous Revenue Not Anticipated	D-1,5	<u>                    </u>	<u>8,441.00</u>	<u>8,441.00</u>
Total Budget Revenue	D-4	<u><u>\$2,826,329.50</u></u>	<u><u>\$3,194,632.44</u></u>	<u><u>\$368,302.94</u></u>

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See accompanying notes to financial statements.

BOROUGH OF ESSEX FELS  
WATER UTILITY

STATEMENT OF EXPENDITURES - REGULATORY BASIS

D-4

<u>Appropriation</u>	<u>Appropriations</u>		<u>Paid or Charged</u>	<u>Expended</u>		<u>Cancelled</u>
	<u>Budget</u>	<u>Modified Budget</u>		<u>Encumbered</u>	<u>Reserved Unencumbered</u>	
<u>Operating</u>						
Salaries and Wages	\$ 511,764.00	\$ 511,764.00	\$ 511,764.00	\$	\$	\$
Other Expenses	2,041,585.50	2,041,585.50	1,459,687.40	129,035.77	452,862.33	
<u>Debt Service</u>						
Payment of Bond Principal	156,000.00	156,000.00	156,000.00			
Interest on Bonds	14,650.00	14,650.00	14,632.50			17.50
Interest on Notes	8,650.00	8,650.00	8,650.00			
<u>Statutory Expenditures</u>						
Contribution to:						
Social Security System	40,000.00	40,000.00	40,000.00			
Unemployment Compensation Insurance	2,500.00	2,500.00	2,500.00			
Public Employees' Retirement System	51,180.00	51,180.00	51,180.00			
Total Water Utility Appropriations	<u>\$2,826,329.50</u>	<u>\$2,826,329.50</u>	<u>\$2,244,413.90</u>	<u>\$129,035.77</u>	<u>\$452,862.33</u>	<u>\$ 17.50</u>
<u>Reference</u>		<u>D-3</u>	<u>D-1, Below</u>	<u>D, D-1</u>	<u>D, D-1</u>	<u>D-1, Reserve</u>
		<u>Ref.</u>				
Cash Disbursements		D-5	\$2,221,131.40			
Accrued Interest on Bonds		D-15	14,632.50			
Accrued Interest on Notes		D-17	8,650.00			
		Above	<u>\$2,244,413.90</u>			

See accompanying notes to financial statements.

BOROUGH OF ESSEX FELS  
PUBLIC ASSISTANCE TRUST FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

E

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2022</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
<u>Trust Fund Account #2</u>			
Cash	E-1	<u>\$ 6,480.28</u>	<u>\$ 6,480.28</u>
		<u><u>\$ 6,480.28</u></u>	<u><u>\$ 6,480.28</u></u>
 <u>LIABILITIES AND RESERVES</u>			
<u>Trust Fund Account #2</u>			
Prepaid State Aid	E-2	<u>\$ 2,220.00</u>	<u>\$ 2,220.00</u>
Due to State of New Jersey	E-3	<u>4,260.28</u>	<u>4,260.28</u>
		<u><u>\$ 6,480.28</u></u>	<u><u>\$ 6,480.28</u></u>

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See accompanying notes to financial statements.

BOROUGH OF ESSEX FELS  
CAPITAL FIXED ASSETS

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

E

<u>ASSETS</u>	Balance <u>Dec. 31, 2022</u>	Balance <u>Dec. 31, 2021</u>
Land	\$84,101,970.00	\$84,096,870.00
Buildings and Building Improvements	6,300,023.00	6,253,387.00
Machinery and Equipment	<u>2,845,010.00</u>	<u>2,804,966.00</u>
	<u>\$93,247,003.00</u>	<u>\$93,155,223.00</u>
 <u>RESERVES</u>		
Investment in Capital Fixed Assets	<u>\$93,247,003.00</u>	<u>\$93,155,223.00</u>

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See accompanying notes to financial statements.



## **NOTES TO FINANCIAL STATEMENTS**

## **BOROUGH OF ESSEX FELS**

### **NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2022**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **A. Reporting Entity**

The Borough of Essex Fells is organized as a Mayor-Council municipality under the provisions of N.J.S. 40:69A-81 et seq. The Borough is "governed by an elected Mayor-Council and by an appointed Business Administrator, and by such other officers and employees as may be duly appointed. The Council shall consist of six members elected at large by voters of the municipality and shall serve for a term of three years beginning on the first day of January next following their election. The Mayor shall be elected by the voters of the municipality, and shall serve for a term of four years beginning on the first day of January next following the election".

Each member of the Council carries a legislative vote.

Governmental Accounting Standards Board (GASB) Statement No. 14 establishes certain standards for defining and reporting on the financial reporting entity. In accordance with these standards, the reporting entity should include the primary government and those component units which are fiscally accountable to the primary government.

The financial statements of the Borough of Essex Fells include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by the provisions of N.J.S. 40A:5-5.

##### **B. Description of Funds**

The Governmental Accounting Standards Board (GASB) is the recognized standard setting body for establishing governmental accounting and financial reporting principles. The GASB establishes three fund types and two account groups to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accounting policies of the Borough of Essex Fells conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. These principles are a "Modified Accrual Basis of Accounting" which differs from accounting principles generally accepted in the United States of America (GAAP) for governmental entities. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Essex Fells accounts for its financial transactions through the following separate funds which differ from the fund structure required by GAAP:

Current Fund - Encompasses resources and expenditures for basic governmental operations. Fiscal activity of Federal and State grant programs are reflected in a segregated section of the Current Fund.

Trust Funds - The records of receipts, disbursements and custodianship of monies in accordance with the purpose for which each account was created are maintained in Trust Funds. These include the Animal Control Trust Fund, Trust Other Fund and the Payroll Account.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **B. Description of Funds (Continued)**

General Capital Fund - The receipts and expenditure records for the acquisition of general infrastructure and other capital facilities, other than those acquired in the Current Fund, are maintained in this Fund, as well as related long-term debt accounts.

Water Utility Fund - The Water Utility is treated as a separate entity. It maintains its own Operating and Capital Fund which reflect revenue, expenditures, stewardship, acquisitions of utility infrastructure and other capital facilities, debt service, long-term debt and other related activity.

Public Assistance Trust Fund - Receipts and disbursements of funds that provide assistance to certain residents of the Borough of Essex Fells pursuant to the provisions of Title 44 of the New Jersey statutes are maintained in the Public Assistance Trust Fund.

Capital Fixed Assets - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the Borough as discussed under the caption of "Basis of Accounting". There is no current financial data for these accounts.

### **C. Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from accounting principles generally accepted in the United States of America. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

#### **Property Taxes and Other Revenue**

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

#### **Grant Revenue**

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough of Essex Fells budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

#### **Expenditures**

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31<sup>st</sup> of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Basis of Accounting (Continued)**

#### **Expenditures (Continued)**

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

#### **Encumbrances**

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31st are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

#### **Appropriation Reserves**

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 additions to income. Appropriation reserves do not exist under GAAP.

#### **Compensated Absences**

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

#### **Property Acquired for Taxes**

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the general fixed assets account group at market value on the date of acquisition.

#### **Self-Insurance Contributions**

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

#### **Interfunds Receivable**

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **C. Basis of Accounting (Continued)**

#### **Inventories of Supplies**

Materials and supplies purchased by all funds are recorded as expenditures.

An annual inventory of materials and supplies for the Water Utility is required, by regulation, to be prepared by Borough personnel for inclusion on the Water Utility Operating Fund balance sheet. Annual changes in valuations, offset with a Reserve Account, are not considered as affecting results of operations. Materials and supplies of other funds are not inventoried nor included on their respective balance sheets.

#### **Capital Fixed Assets**

General:

In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from GAAP. The Borough has developed a fixed asset accounting and reporting system.

GAAP requires that capital fixed assets be capitalized at historical or estimated historical cost if actual historical cost is not available. Depreciation on utility fixed assets should also be recorded.

Capital fixed assets used in governmental operations (capital fixed assets) are accounted for in the Capital Fixed Assets. Public domain ("infrastructure") capital fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

Acquisitions of land, buildings, machinery, equipment and other capital assets are recorded on a perpetual capital fixed assets record.

Vehicles, furniture, equipment and other items are reflected at replacement values at time of inventory preparation. Additions to the established capital fixed assets are valued at cost.

Depreciation of assets is not recorded as an operating expense of the Borough.

Utilities:

Capital acquisitions, including utility infrastructure costs of the Water Utility, are recorded at cost upon purchase or project completion in the Fixed Capital Account of the utility. The Fixed Capital Accounts are adjusted for dispositions or abandonments. The accounts include movable fixed assets of the Utility but are not specifically identified and are considered as duplicated in the Capital Fixed Assets. The duplication is considered as insignificant on its effect on the financial statements taken as a whole.

Utility improvements that may have been constructed by developers are not recorded as additions to Fixed Capital.

Fixed Capital of the Utility is offset by accumulations in Amortization Reserve Accounts. The accumulations represent costs of fixed assets purchased with budgeted funds or acquired by gift as well as grants, developer contributions or liquidations of related bonded debt and other liabilities incurred upon fixed asset acquisition.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### C. Basis of Accounting (Continued)

#### Capital Fixed Assets (Continued)

Utilities: (Continued)

The Fixed Capital Accounts reflected herein are as recorded in the records of the municipality and do not necessarily reflect the true condition of such Fixed Capital. The records consist of a control account only. Detailed records are not maintained.

### D. Basic Financial Statements

The GASB Codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough of Essex Fells presents the financial statements listed in the table of contents which are required by the Division of Local Government Services and which differ from the financial statements required by GAAP. In addition, the Division requires the financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from GAAP.

### E. Measurement Focus, Basis of Accounting and Basis of Presentation

#### Recent Accounting Pronouncements Not Yet Effective

- *GASB Statement No.94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

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

Effective Date: The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

- *GASB Statement No. 99, Summaries/Status.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### E. Measurement Focus, Basis of Accounting and Basis of Presentation

#### Recent Accounting Pronouncements Not Yet Effective

Effective Date: The requirements of this Statement that are effective are as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

The Borough does not expect this Statement to impact its financial statements.

- *GASB No.101, Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Effective Date: The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Borough does not expect this Statement to impact its financial statements.

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

### A. Cash and Cash Equivalents

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 any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund.

The State of New Jersey Cash Management Fund is authorized by statute and regulations of the State Investment Council to invest in fixed income and debt securities which mature or are redeemed within one year. Twenty-five percent of the Fund may be invested in eligible securities which mature within two years provided, however, the average maturity of all investments in the Fund shall not exceed one year. Collateralization of Fund investments is generally not required.

In addition, by regulation of the Division of Local Government Services, municipalities are allowed to deposit funds in the Municipal Bond Insurance Association (MBIA) through their investment management company, the Municipal Investors Service Corporation.

The Borough considers petty cash, change funds, cash in banks and passbooks as cash and cash equivalents.

In accordance with the provisions of the Governmental Unit Deposit Protection Act of New Jersey, public depositories are required to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds or

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

### A. Cash and Cash Equivalents (Continued)

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

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 \$25,000,000.00.

Cash equivalents include money market funds, mutual funds, cash management funds and certificates of deposit with maturity dates of less than three months. Investments include certificates of deposit with maturity dates of more than three months. Cash equivalents and investments are stated at cost, which approximates market. Cash equivalents and investments were held by the Borough's Trustee in the Borough's name.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Borough does not have a policy for custodial credit risk. Federal depository insurance and New Jersey's Governmental Unit Deposit Protection Act mitigate this risk.

Interest Rate Risk - This is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. The Borough's investment policy does not include limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentrations - The Borough's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets.

As of December 31, 2022 and 2021, the Borough's cash, cash equivalents and investments consisted of:

	<u>2022</u>	<u>2021</u>
TD Bank - Checking Accounts	<u>\$ 4,784,650.09</u>	<u>\$ 5,710,213.94</u>

The carrying amount of the Borough's cash, cash equivalents and investments at December 31, 2022 was \$4,784,650.09. Of the bank balance, \$250,000.00 was covered by Federal Depository Insurance and \$4,534,650.09 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, et seq., for all New Jersey governmental units' deposits in excess of the Federal deposit maximums.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2022 and 2021, no such investments were held by the Borough.

As of December 31, 2022 and 2021, the Borough had no investments.

### B. Investments

New Jersey statutes permit the Borough to purchase the following types of securities:

- . Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- . Government money market mutual funds.



## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

### **B. Investments (Continued)**

- . Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- . Bonds or other obligations of the local unit or school districts of which the local unit is a part.
- . Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments.
- . Local government investment pools, such as New Jersey CLASS, and the New Jersey Arbitrage Rebate Management Program.
- . New Jersey State Cash Management Fund.
- . Repurchase agreements of fully collateralized securities, subject to special conditions.

In addition, a variety of state laws permit local governments to invest in a wide range of obligations issued by state governments and its agencies.

### **C. Risk Category**

As of December 31, 2022, the Borough had funds on deposit in checking accounts, New Jersey Cash Management Accounts and Certificates of Deposit. The carrying amount of the Borough's cash and cash equivalents and investments as of December 31, 2022 was \$4,784,650.09. These funds constitute "deposits with financial institutions" as defined by GASB Statement No. 40. There were no securities categorized as investments as defined by GASB Statement No. 40.

## **3. TAXES AND TAX TITLE LIENS RECEIVABLE**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Borough, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500 of delinquency and 18% on any delinquency in excess of \$1,500. The resolution also sets a grace period of ten days before interest is calculated. In addition, any delinquency in excess of \$10,000.00 at the end of the calendar year is subject to a 6% penalty on the unpaid balance.

Taxes unpaid on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

### 3. TAXES AND TAX TITLE LIENS RECEIVABLE (Continued)

The following is a five year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	<u>\$ 2.188</u>	<u>\$ 2.188</u>	<u>\$ 2.038</u>	<u>\$ 1.960</u>	<u>\$ 1.972</u>
Apportionment of Tax Rate:					
Municipal	\$ 0.557	\$ 0.547	\$ 0.499	\$ 0.485	\$ 0.469
County	0.478	0.492	0.474	0.458	0.481
County Open Space	0.016	0.016	0.015	0.015	0.015
Local School	0.731	0.716	0.644	0.606	0.575
Regional High School	0.406	0.417	0.406	0.396	0.432

#### Assessed Valuations

<u>Year</u>	<u>Amount</u>
2022	\$ 753,264,251.00
2021	752,285,305.00
2020	808,227,638.00
2019	817,715,300.00
2018	821,922,000.00

#### Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2022	\$16,535,540.43	\$16,173,410.23	97.80%
2021	16,476,118.90 *	16,170,151.04	98.14
2020	16,460,310.10 *	16,291,119.78	98.97
2019	15,995,792.35 *	15,678,284.57	98.01
2018	16,257,581.86 *	15,883,280.99	97.70

\*Net of Tax Appeals.

#### Delinquent Taxes and Tax Title Liens

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>of Tax Levy</u>
2022	\$ -	\$ 342,318.55	\$ 342,318.55	2.07%
2021	-	305,987.85	305,987.85	1.86
2020	-	169,200.21	169,200.12	1.03
2019	-	322,711.19	322,711.19	2.00
2018	-	373,948.21	373,948.21	2.30

#### 4. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2022	\$ 1,900.00
2021	1,900.00
2020	1,900.00
2019	1,900.00
2018	1,900.00

#### 5. WATER CONSUMER ACCOUNTS RECEIVABLE

The Borough of Essex Fells maintains a utility fund for the billing and collection of water rents. The Borough's billings are done on a quarterly basis.

A comparison of Water Utility billings and collections for the past five years are as follows:

<u>Year</u>	<u>Billing</u>	<u>Collection</u>
2022	\$ 3,144,022.25	\$ 2,998,224.24
2021	2,850,339.72	2,776,685.65
2020	2,941,066.16	2,925,181.94
2019	2,555,694.81	2,556,642.95
2018	2,537,235.72	2,536,861.30

Cash collections include realization of prior year uncollected balances.

#### 6. FUND BALANCES APPROPRIATED

	<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budgets of Succeeding Year</u>	<u>Utilized in Current Fund Budget</u>
Current Fund:	2022	\$ 1,738,965.41	\$800,000.00	\$
	2021	1,600,823.55	735,000.00	
	2020	1,281,932.98	700,000.00	
	2019	1,355,875.90	700,000.00	
	2018	1,382,533.82	600,000.00	
Water Utility Operating Fund:	2022	660,773.41	118,750.00	100,000.00
	2021	430,561.66	187,967.20	50,000.00
	2020	707,188.25	309,000.00	100,000.00
	2019	371,176.40	125,000.00	100,000.00
	2018	461,070.02	300,000.00	100,000.00

## 7. PENSION PLANS

### Description of Systems

Substantially all of the Borough's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State Statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

The amount of the Borough's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments 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. Specific information on actuarial assumptions and rates of return can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

	PERS		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Covered Employee Payroll	\$ 695,865	\$ 655,093	\$ 806,911
Total Payroll	2,509,405	2,856,692	2,893,541
Actuarial Contribution			
Requirements	108,474	129,080	112,795
Total Contributions	160,214	178,242	173,313
Employer Share	108,474	129,080	112,795
% of Covered Payroll	15.59%	19.70%	13.98%
Employee's Share	51,740	49,162	60,518
% of Covered Payroll	7.44%	7.50%	7.50%

	PFRS		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Covered Employee Payroll	\$ 1,497,636	\$ 1,544,636	\$ 1,544,402
Total Payroll	2,509,405	2,856,692	2,893,541
Actuarial Contribution			
Requirements	573,332	535,185	500,415
Total Contributions	723,096	690,649	654,855
Employer Share	573,332	535,185	500,415
% of Covered Payroll	38.28%	34.43%	32.40%
Employee's Share	149,764	155,464	154,440
% of Covered Payroll	10.00%	10.00%	10.00%

## 7. PENSION PLANS (Continued)

### Assumptions

The collective total PERS pension liability for June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PERS. The pension liability was rolled forward to June 30, 2022. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through 2026 of 2.75% to 6.55% for PERS based on years of service and an investment rate of return of 7.00%.

The collective total PFRS pension liability for June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 using an actuarial experience study for the period July 1, 2018 to June 30, 2021 for PFRS. The pension liability was rolled forward to June 30, 2022. The actuarial valuation used an inflation rate of 2.75% for price and 3.25% for wage, projected salary increases through all future years of 3.25% to 16.25% for PFRS based on years of service and an investment rate of return of 7.00%.

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

For PFRS, employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The discount rate used to measure the total pension liability was 7.00% for PERS as of June 30, 2022 and 7.00% for PFRS as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability. More information on mortality rates and other assumptions and investment policies can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

### Public Employees' Retirement System:

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

## 7. PENSION PLANS (Continued)

### Public Employees' Retirement System: (Continued)

#### Significant Legislation

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the Borough's proportionate share of the Collective PERS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2022 and 2021, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2022	<u>\$ 1,670,865</u>	<u>\$ 1,298,144</u>	<u>\$ 980,944</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2021	<u>\$ 1,783,157</u>	<u>\$ 1,305,717</u>	<u>\$ 900,541</u>

## 7. PENSION PLANS (Continued)

### Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

	<u>2022</u>	<u>2021</u>
Employer Net Pension Liability	\$ 1,298,144.00	\$ 1,305,717.00
Nonemployer Proportionate Share of the Net Pension Liability	<u>10,994.00</u>	<u>13,919.00</u>
	<u><u>\$ 1,309,138.00</u></u>	<u><u>\$ 1,319,636.00</u></u>

### Police and Firemen's Retirement System:

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

## 7. PENSION PLANS (Continued)

### Police and Firemen's Retirement System: (Continued)

The following presents the Borough's proportionate share of the Collective PFRS net pension liability calculated using the discount rate of 7.00% and 7.00% as of June 30, 2022 and 2021, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate of one percentage point lower or one percentage point higher than the assumed rate.

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

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2022	<u>\$ 7,257,792</u>	<u>\$ 5,045,977</u>	<u>\$ 3,204,631</u>
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
2021	<u>\$ 5,585,993</u>	<u>\$ 3,356,386</u>	<u>\$ 1,500,479</u>

### 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 that 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 is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. Below is the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

	<u>2022</u>	<u>2021</u>
Employer Net Pension Liability	\$ 5,045,977.00	\$ 3,356,386.00
Nonemployer Proportionate Share of the Net Pension Liability	<u>898,036.00</u>	<u>943,983.00</u>
	<u>\$ 5,944,013.00</u>	<u>\$ 4,300,369.00</u>

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension**

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.



## 7. PENSION PLANS (Continued)

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2022 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2022.

Following is the total of the Borough's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2022:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$ 1,298,144	\$ 5,045,977
Deferred Outflow of Resources	195,776	1,075,749
Deferred Inflow of Resources	635,854	1,201,312
Pension Expense	(167,724)	41,327
Contributions Made After Measurement Date	108,474	573,332

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2022 and 2021. The Borough's proportionate share of the collective net pension liability as of June 30, 2022 and 2021 was 0.0086018929% and 0.0110219633% for PERS and 0.04408370% and 0.0459203249% for PFRS, respectively.

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

At June 30, 2022, the amount determined as the Borough's proportionate share of the PERS net pension liability was \$1,298,144. For the year ended June 30, 2022, the Borough would have recognized PERS pension expense of \$(167,724). At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

## 7. PENSION PLANS (Continued)

### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 9,369	\$ 8,262
Change of Assumptions	4,022	194,384
Net Difference Between Projected and Actual Investment Earnings	53,729	
Net Change in Proportions	128,656	433,208
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>108,474</u>	<u>          </u>
	<u>\$ 304,250</u>	<u>\$ 635,854</u>

At June 30, 2022, the amount determined as the Borough's proportionate share of the PFRS net pension liability was \$5,045,977. For the year ended June 30, 2022, the Borough would have recognized PFRS pension expense of \$41,327. At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 228,394	\$ 309,135
Change of Assumptions	13,829	635,189
Net Difference Between Projected and Actual Investment Earnings	462,063	
Net Change in Proportions	371,463	256,988
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>573,332</u>	<u>          </u>
	<u>\$ 1,649,081</u>	<u>\$ 1,201,312</u>

#### **Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022 are summarized in the following table:

## 7. PENSION PLANS (Continued)

### *Long-Term Expected Rate of Return (Continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

### **Contributions Required and Made**

Contributions made by employees for PERS is 7.50% of their base wages. PFRS is 10% of their base wages. Employer contributions are actuarially determined on an annual basis by the Division of Pensions. Contributions to the plan for the past three (3) years are as follows:

<u>Year</u>	<u>PERS</u>		<u>PFRS</u>	
	<u>Borough</u>	<u>Employees</u>	<u>Borough</u>	<u>Employees</u>
2022				
2021	112,795.00	49,162.32	500,415.00	155,463.60
2020	99,356.00	60,518.42	438,202.00	154,440.20

## 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 7, the Borough provides postemployment health care benefits as part of the State Health Benefits Local Government Retired Employees Plan.

### **General Information about the OPEB Plan**

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

## 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### General Information about the OPEB Plan (Continued)

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

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 providing they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

### Total OPEB Liability

Information presented below is as of June 30, 2022. Additional information was not available as of the date of this audit.

At June 30, 2022, the Borough had a liability of \$5,775,580 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2022, the Borough's proportion was .035763% which was an increase of .000708% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2022, the Borough would have recognized OPEB expense of \$(120,240). At December 31, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Changes of Assumptions	\$ 770,775	\$ 1,971,094
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	1,520	
Add: Differences Between Expected and Actual Experience	298,257	1,070,547
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	<u>483,979</u>	<u>895,896</u>
Total	<u>\$ 1,554,531</u>	<u>\$ 3,937,537</u>

## 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### Total OPEB Liability (Continued)

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) would be recognized in OPEB expense as follows:

Year Ended June 30:	
2023	\$ (523,349)
2024	(523,811)
2025	(413,646)
2026	(184,737)
2027	(41,417)
2028-2029	(284,129)

### Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.82, 7.82, 7.87 and 8.05 years for the 2022, 2021, 2020 and 2019 amounts, respectively.

### Actual Assumptions and Other Inputs

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

Certain actuarial assumptions used in the June 30, 2021 valuation were based on the results of the pension plans' experience studies for which the members are eligible for coverage under this Plan - the Police and Firemen's Retirement System (PFRS) and the Public Employees' Retirement System (PERS). The PFRS and PERS experience studies were prepared for the periods July 1, 2018 to June 30, 2021, respectively.

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

The total OPEB liability for June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

## 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### Actual Assumptions and Other Inputs (Continued)

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS):	
Initial Fiscal Year Applied:	
Rate for All Future Years	2.75% to 6.55% Based on Years of Service
Police and Firemen's Retirement System (PFRS):	
Rate for all Future Years	3.25% to 16.25% Based on Years of Service
Mortality:	
PERS	Pub-2010 General Classification Headcount Weighted Mortality with Generational Mortality Improvement Projections from the Central Year Using Scale MP-2021
PFRS	Pub-2010 Safety Classification Headcount Weighted Mortality with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2021

\*Salary Increases are Based on Years of Service Within the Respective Plan.

Actuarial assumptions used in the June 30, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

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

### Discount Rate

The discount rate for June 30, 2022 and 2021 was 3.54% and 2.16%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

### Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease 2.54%	At Current Discount Rate 3.54%	1% Increase 4.54%
Borough's Proportionate Share of Net OPEB Liability	\$ 6,695,060	\$ 5,775,580	\$ 5,035,772
	June 30, 2021		
	1% Decrease 1.16%	At Current Discount Rate 2.16%	1% Increase 3.16%
Borough's Proportionate Share of Net OPEB Liability	\$ 7,425,452	\$ 6,309,823	\$ 5,425,664

## 8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

### Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2022		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
Borough's Proportionate Share of Net OPEB Liability	\$ 4,899,598	\$ 5,775,580	\$ 6,897,466

	June 30, 2021		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
Borough's Proportionate Share of Net OPEB Liability	\$ 5,264,518	\$ 6,309,823	\$ 7,673,818

### **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. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

The Borough, as of December 31, 2022, has no members under the Special Funding Situation.

## 9. DEFINED CONTRIBUTION RETIREMENT PROGRAM

### Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the minimum base salary required for eligibility in the DCRP was increased to \$5,000.00.

## **9. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

### **Description of System (Continued)**

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PERS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to remain to join or remain in PERS.

### **Contributions Required**

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contribution is 4.05% which includes a member contribution match of 3.0%, Group Life Insurance is .74% of gross wages and Long-Term Disability is .31% of gross wages.

During the year 2022, there were no officials or employees enrolled in the DCRP.

## **10. MUNICIPAL DEBT**

The Local Bond Law governs the issuance of bonds and notes to finance general capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Pursuant to N.J.S.A. 40A:2-8.1, bond anticipation notes, which are issued to temporarily finance capital projects, cannot be renewed past the third anniversary unless an amount equal to at least the first legally required installment is paid prior to each anniversary and must be paid off within ten years and five months or retired by the issuance of bonds.



## 10. MUNICIPAL DEBT (Continued)

### Summary of Municipal Debt (Excluding Current and Operating Debt)

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 2,074,000.00	\$2,460,500.00	\$2,581,000.00
Water Utility:			
Bonds and Notes	<u>2,381,500.00</u>	<u>2,537,500.00</u>	<u>2,182,000.00</u>
	<u>4,455,500.00</u>	<u>4,998,000.00</u>	<u>4,763,000.00</u>
<u>Authorized but Not Issued</u>			
General:			
Bonds and Notes	2,538,097.00	1,323,097.00	953,597.00
Water Utility:			
Bonds and Notes	<u>9,760,300.00</u>	<u>300,300.00</u>	<u>830,800.00</u>
	<u>12,298,397.00</u>	<u>1,623,397.00</u>	<u>1,784,397.00</u>
Total Debt	<u>16,753,897.00</u>	<u>6,621,397.00</u>	<u>6,547,397.00</u>
<u>Deductions</u>			
Reserve to Pay Debt Service:			
General	<u>30,199.40</u>	<u>30,199.40</u>	<u>30,199.40</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 16,723,697.60</u>	<u>\$6,591,197.60</u>	<u>\$6,517,197.60</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 0.568%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Regional School District Debt	\$ 278,663.14	\$ 278,663.14	\$
Water Utility Debt	12,141,800.00	12,141,800.00	
General Debt	<u>4,612,097.00</u>	<u>30,199.40</u>	<u>4,581,897.60</u>
	<u>\$17,032,560.14</u>	<u>\$12,450,662.54</u>	<u>\$4,581,897.60</u>

Net debt of \$4,581,897.60 divided by the Equalized Valuation Basis per N.J.S. 40:2-2, \$806,151,585.00 equals 0.568%.

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

3 1/2% of Equalized Valuation Basis	\$28,215,305.48
Net Debt	<u>4,581,897.60</u>
Remaining Borrowing Power	<u>\$23,633,407.88</u>

### School Debt Deductions

School debt is deductible up to the extent of 4.0% of the Average Equalized Assessed Valuations of real property for the Local School District.

## 10. MUNICIPAL DEBT (Continued)

### Calculation of "Self-Liquidating Purposes" Water Utility per N.J.S. 40A:2-45

Fund Balance and Cash Receipts from Fees, Rents or Other Charges for Year		\$3,194,632.44
Deductions:		
Operating and Maintenance Costs	\$2,647,029.50	
Debt Service	<u>179,282.50</u>	
		<u>2,826,312.00</u>
Excess in Revenue		<u>\$ 368,320.44</u>

There being an excess in revenue, all Water Utility Debt is deductible for Debt Statement purposes.

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

As of December 31, 2022, the Borough's long-term debt is as follows:

\$1,633,000, 2011 Bonds due in annual installments of \$153,000 to \$160,000 through February 2024, interest at 3.500% to 4.00%.	<u>\$313,000.00</u>
--	---------------------

#### Water Utility Bonds

\$1,716,000, 2011 Bonds due in annual installments of \$160,000 through February 2024, interest at 3.500% to 4.00%.	<u>\$320,000.00</u>
---	---------------------

### Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Calendar Year	Cash Basis				
	General		Water Utility		Total
	Principal	Interest	Principal	Interest	
2023	\$153,000.00	\$ 9,077.50	\$160,000.00	\$ 9,200.00	\$331,277.50
2024	<u>160,000.00</u>	<u>3,200.00</u>	<u>160,000.00</u>	<u>3,200.00</u>	<u>326,400.00</u>
	<u>\$313,000.00</u>	<u>\$12,277.50</u>	<u>\$320,000.00</u>	<u>\$12,400.00</u>	<u>\$657,677.50</u>

#### Bond Anticipation Notes

The following Bond Anticipation Notes were outstanding as of December 31, 2022:

General Capital Fund	<u>\$ 1,761,000.00</u>
Water Capital Fund	<u>\$ 2,061,500.00</u>

## 10. MUNICIPAL DEBT (Continued)

### Bond Anticipation Notes (Continued)

Statutory requirements for providing sums equivalent to legally payable installments for the redemptions of notes (budget appropriations) and permanent funding (Bond Issues) are summarized as follows:

<u>Notes Issued</u>	<u>Installment Due</u>	<u>Permanent Funding Required</u>
2015	2018 - 2025	2026
2016	2019 - 2026	2027
2017	2020 - 2027	2028
2019	2022 - 2029	2030
2020	2023 - 2030	2031
2021	2024 - 2031	2032

### Bonds and Notes Authorized but Not Issued

There are bonds and notes authorized but not issued in the following amounts:

	<u>Balance Dec. 31, 2022</u>
General Capital Fund:	
General Improvements	<u>\$ 2,538,097.00</u>
Water Utility Capital Fund:	
General Improvements	<u>\$ 9,760,300.00</u>

## 11. CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2022 and 2021 was as follows:

	<u>Balance Dec. 31, 2021</u>	<u>Additions</u>	<u>Balance Dec. 31, 2022</u>
Buildings and Improvements	\$ 6,253,387.00	\$ 46,636.00	\$ 6,300,023.00
Land	84,096,870.00	5,100.00	84,101,970.00
Machinery and Equipment	<u>2,804,966.00</u>	<u>40,044.00</u>	<u>2,845,010.00</u>
	<u>\$ 93,155,223.00</u>	<u>\$ 91,780.00</u>	<u>\$ 93,247,003.00</u>
	<u>Balance Dec. 31, 2020</u>	<u>Additions</u>	<u>Balance Dec. 31, 2021</u>
Buildings and Improvements	\$ 6,253,387.00	\$	\$ 6,253,387.00
Land	84,096,870.00		84,096,870.00
Machinery and Equipment	<u>2,618,680.00</u>	<u>186,286.00</u>	<u>2,804,966.00</u>
	<u>\$ 92,968,937.00</u>	<u>\$ 186,286.00</u>	<u>\$ 93,155,223.00</u>

## 12. INTERFUND RECEIVABLES AND PAYABLES

As of December 31, 2022, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 57,266.94	\$
Federal and State Grant Fund		57,266.94
Water Operating Fund	550,000.00	
Water Capital Fund		550,000.00
	<u>\$607,266.94</u>	<u>\$607,266.94</u>

## 13. DEFERRED CHARGES TO BE RAISED IN SUCCEEDING YEARS' BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2022, there were no deferred charges shown on the balance sheets of the various funds.

## 14. DEFERRED COMPENSATION PLAN

The Borough of Essex Fells offers its employees a Deferred Compensation Plan created in accordance with the provisions of N.J.S. 43:15B-1 et seq. and the Internal Revenue Code, Section 457. The plan, available to all municipal employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Statutory and regulatory requirements governing the establishment and operation of Deferred Compensation Plans have been codified in the New Jersey Administrative Code under the reference N.J.A.C. 5:37.

The "Small Business Job Protective Act of 1996" revised several provisions of Section 457 of the Internal Revenue Code. A provision of the act required that all existing plans be modified to provide that the funds be held for the exclusive benefit of the participating employees and their beneficiaries.

The Borough of Essex Fells authorized such modifications to their plan by resolution of the Borough Council adopted November 18, 1997.

The Administrator for the Borough of Essex Fells Deferred Compensation Plan is the ICMA Retirement Corporation.

The Plan was subject to a review only as defined by the New Jersey Division of Local Government Services and the American Institute of Certified Public Accountants. A review consists principally of inquiries of Borough officials and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards. The audit of the program lies within the scope of the audit of the independent accountants of the ICMA Retirement Corporation.

## 15. DEFERRED SCHOOL TAX

The Local School District Tax and the Regional High School Tax were raised on the school year basis and liability deferred by statute, resulting in school taxes payable set forth in liabilities computed as follows:

**15. DEFERRED SCHOOL TAX (Continued)**

	Local School District		Regional High School	
	Balance Dec. 31, 2022	Balance Dec. 31, 2021	Balance Dec. 31, 2022	Balance Dec. 31, 2021
*Balance of Tax	\$399,616.48	\$399,616.54	\$1,441,369.82	\$1,478,997.82
Amount Deferred	<u>399,615.50</u>	<u>399,615.50</u>	<u>1,406,803.57</u>	<u>1,406,803.57</u>
Tax Payable (Cash Liability)	<u>\$ 0.98</u>	<u>\$ 1.04</u>	<u>\$ 34,566.25</u>	<u>\$ 72,194.25</u>

\*Required for school operations for the six month period following December 31<sup>st</sup>.

**16. RISK MANAGEMENT**

The Borough of Essex Fells maintains a self-insurance fund for general liability and workers' compensation.

Under the terms of the New Jersey Municipal Joint Insurance Fund, the first \$100,000.00 of exposure is backed by the joint resources of JIF and any exposure beyond that amount is covered by the Municipal Excess Liability Joint Insurance Fund as follows:

<u>Coverage</u>	<u>Deductible</u>	<u>Limits</u>
1. Property (Blanket Building and Contents)	\$ 1,000	\$ 150,000
2. Boiler and Machinery	\$ 3,500	\$ 150,000
3. Equipment Floater (Scheduled)		Included Under Property Coverage
4. Auto Physical Damage (Scheduled)	\$ 1,000	Actual Cash Value
5. Blanket Bond		\$ 50,000
6. Auto Liability		\$ 5,000,000
7. General Liability		\$ 5,000,000
8. Public Official Liability		\$ 1,000,000
9. Worker Compensation and Employer Liability		Statutory

**17. HARDOUS DISCHARGE SITE CLEAN-UP FUND**

The Borough has entered into an agreement with the New Jersey Department of Environmental Protection to fund a centralized Water Treatment Plant. The Borough will temporarily finance the project from available cash in the Capital Improvement Fund and will then be reimbursed by the Department of Environmental Protection. A total of \$1,200,000.00 has been paid to the State by firms held responsible for polluting certain wells within the Borough.

On January 17, 1989, Ordinance #88-546 was adopted appropriating the sum of \$1,001,044.00 for this project. As costs increase, the Ordinance will be subject to amendments for current needs including the entire aforementioned \$1,200,000.00.

## 17. HARDOUS DISCHARGE SITE CLEAN-UP FUND (Continued)

The initial phase of this project has been completed. As part of Phase II, the Borough operates this plant and submits operating and maintenance vouchers for State reimbursement on a semiannual basis. The initial award of \$323,815.00 provides for the Operations and Maintenance of this plant over a period of twenty years. With three years remaining, the balance available to be drawn down by the Borough is \$41,577.09. The additional award of \$262,010.89 in 2001 will also provide for the operations and maintenance of this plant over a period of twenty years.

## 18. LEASES

In June 2017, the GASB issued GASB No. 87, Leases.

The Borough is the lessor to a lease agreement involving the rental of a building to the U.S. Post Office. This lease was classified as an operating lease. Future minimum lease receivables were projected as follows:

<u>Year</u>	<u>Operating Leases</u>
2023	\$ 56,387.00
2024	60,334.00
2025	64,557.00
2026	69,075.00
2027	<u>73,910.00</u>
Total Future Minimum Lease Payments	<u><u>\$ 324,263.00</u></u>

## 19. CONTINGENT LIABILITIES

### a. Compensated Absences

The Borough's "Sick Leave" policy does not permit employees to accrue sick pay.

Unused vacation days, holidays and compensatory time are allowed to accrue and may be taken by the employee as compensatory time or payment at a later date at an agreed upon rate. Borough officials estimate that as of December 31, 2022, the sum of \$179,640.25, based upon 2022 salary rates, has accrued to the benefit of various employees and officials. As of December 31, 2022, the Borough has established a Reserve for Compensated Balances in the amount of \$45,000.00.

Provisions for the above are not reflected on the financial statements of the Borough.

The above amount has not been audited.

### b. Tax Appeals

There are several tax appeals pending, however, amounts are not known at this time.

Judgments favorable to the taxpayers generally extend to two years following the year judged and would also subject the Borough to a liability for statutory interest based upon the amount of taxes refunded from the date of payment to the date of refund (R.S. 54:3-27.2). As of December 31, 2022, the Borough has established a Reserve for Tax Appeals in the amount of \$105,807.20.

## **19. CONTINGENT LIABILITIES (Continued)**

### **c. Federal and State Awards**

The Borough participates in several federal and state grant programs which are governed by various rules and regulations of the grantor agencies; therefore to the extent that the Borough has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at December 31, 2022 may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying statutory basis financial statements for such contingencies.

### **d. Arbitrage Rebate Calculation**

In 1985, under the Tax Reform Act, the Arbitrage Rebate Law went into effect requiring issuers of tax exempt debt obligations to rebate to the Federal Government all of the earnings in excess of the yield on investments of proceeds of such debt issuances (the "rebate arbitrage"). The Rebate Regulations apply to obligations issued after August 31, 1986. The arbitrage rebate liability must be calculated every installment computation date (last day of the fifth bond year) or earlier if the bonds are retired, defeased or refunded and pay at least 90% of the rebatable arbitrage (plus any earnings thereon) within 60 days after such date.

### **e. Payments in Lieu of Taxes (PILOT)**

Under N.J.S.A. 40A:20-12, each municipality is required to annually remit to the County five percent (5%) of the annual service charge for each long-term PILOT financial agreement entered into by the municipality.

### **f. Litigation**

There is no significant litigation or any contingent liabilities, unassisted claims or assessments or statutory violations which would affect the financial position or results of operations of the Borough.

## **20. SECONDARY MARKET DISCLOSURE**

Solely for purposes of complying with Rule 1602-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

## **21. SUBSEQUENT EVENT**

The Borough of Essex Fells has evaluated subsequent events that occurred after the balance sheet date, but before September 8, 2023 and it was determined that there were no reportable items.

BOROUGH OF ESSEX FELLS  
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

A-4

	<u>Ref.</u>	<u>Regular Fund</u>
Balance December 31, 2021	A	\$ 2,476,162.84
Increased by Receipts:		
Interest and Costs on Taxes	A-2	\$ 63,796.76
Miscellaneous Revenue Not Anticipated	A-2c	197,657.18
Due from State of New Jersey per		
Ch. 129, P.L. 1976	A-6	5,250.00
Taxes Receivable	A-7	16,293,631.87
Interfunds Receivable	A-9	1,573,208.89
Revenue Accounts Receivable	A-10	1,078,297.38
Reserve for Municipal Relief Aid	A-13	10,473.16
Surcharge on Building Permits	A-15	6,388.00
Sewer Overpayments	A-16	1,644.68
Prepaid Taxes	A-21	144,936.69
		<u>19,375,284.61</u>
		21,851,447.45
Decreased by Disbursements:		
Budget Appropriations	A-3	5,366,693.91
Interfunds Receivable	A-9	1,429,571.06
Appropriation Reserves	A-12	116,199.61
Reserve for Tax Appeals	A-14	39,778.12
Due to State of New Jersey - Department		
of Community Affairs	A-15	8,521.00
Accounts Payable	A-17	6,484.91
County Taxes	A-18	3,727,369.90
Local School District Tax	A-19	5,505,199.06
Regional High School Tax	A-20	3,096,792.00
		<u>19,296,609.57</u>
Balance December 31, 2022	A	<u>\$ 2,554,837.88</u>



BOROUGH OF ESSEX FELS  
CURRENT FUND

CHANGE FUND

A-5

	<u>Ref.</u>	
Balance December 31, 2021	A	<u>\$ 100.00</u>
Balance December 31, 2022	A	<u><u>\$ 100.00</u></u>

DUE FROM STATE OF NEW JERSEY  
PER CHAPTER 129, P.L. 1976

A-6

	<u>Ref.</u>		
Balance December 31, 2021	A		\$ 483.24
Increased by:			
Deductions per Tax Duplicate:			
Veterans	A-7		<u>5,250.00</u>
			5,733.24
Decreased by:			
Cancelled	A-1	\$ 483.24	
Cash Received	A-4	<u>5,250.00</u>	
			<u>5,733.24</u>
			<u><u>\$ -</u></u>

A-7

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>2022 Levy</u>	<u>Added</u> <u>Taxes</u>	<u>Collected</u>		<u>State of</u> <u>New Jersey</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
2020	\$ 19.99	\$	\$	\$		\$	\$ 19.99	\$
2021	305,967.86		5,724.57		296,205.60		15,431.67	55.16
2022		16,535,540.43		170,733.96	15,997,426.27	5,250.00	19,866.81	342,263.39
	<u>\$ 305,987.85</u>	<u>\$ 16,535,540.43</u>	<u>\$ 5,724.57</u>	<u>\$ 170,733.96</u>	<u>\$ 16,293,631.87</u>	<u>\$ 5,250.00</u>	<u>\$ 35,318.47</u>	<u>\$ 342,318.55</u>
<u>Reference</u>	<u>A</u>	<u>Below</u>	<u>Reserve</u>	<u>A-2b.21</u>	<u>A-2b.4</u>	<u>A-2b.6</u>	<u>Reserve</u>	<u>A</u>

[illegible]

BOROUGH OF ESSEX FELLS  
CURRENT FUND

PROPERTY ACQUIRED FOR TAXES  
(AT ASSESSED VALUATION)

A-8

	<u>Ref.</u>	
Balance December 31, 2021	A	<u>\$1,900.00</u>
Balance December 31, 2022	A,Below	<u><u>\$1,900.00</u></u>

Analysis of Balance

<u>Location</u>	<u>Block</u>	<u>Lot</u>	<u>Assessed Valuation*</u>	
Fells Road	2	13	\$ 100.00	
Forest Way - Fells Road	15	1a and 1b	400.00	
Oval Road	23	1a	700.00	
Oval Road	23	1b	<u>700.00</u>	
				<u><u>\$1,900.00</u></u>
			<u>Reference</u>	<u>Above</u>

\*Valuation in year of acquisition.

BOROUGH OF ESSEX FELS  
CURRENT FUND

INTERFUNDS RECEIVABLE

A-9

	<u>Ref.</u>	<u>Total</u>	<u>Federal/State Grant Fund</u>	<u>Payroll Trust Fund</u>	<u>General Capital Fund</u>
Balance December 31, 2021	A	<u>\$ 229,751.68</u>	<u>\$229,751.68</u>	\$	\$
Increased by:					
Cash Disbursed	A-4	<u>1,429,571.06</u>		<u>711,542.16</u>	<u>718,028.90</u>
Decreased by:					
Budget Appropriations	A-23				
Cash Receipts	A-4	<u>1,602,055.80</u>	<u>172,484.74</u>	<u>711,542.16</u>	<u>718,028.90</u>
		<u>1,602,055.80</u>	<u>172,484.74</u>	<u>711,542.16</u>	<u>718,028.90</u>
Balance December 31, 2022	A	<u><u>\$ 57,266.94</u></u>	<u><u>\$ 57,266.94</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>Net Debit to Operations</u>					
Balance December 31, 2021	Above	\$ 229,751.68			
Balance December 31, 2022	Above	<u>57,266.94</u>			
Net Debit to Operations	A-1	<u><u>\$ 172,484.74</u></u>			

BOROUGH OF ESSEX FELS  
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE

A-10

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Accrued</u>	<u>Collections</u> <u>2022</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 3,071.16	\$ 3,071.16	\$
Other Fees and Permits	A-2a		7,527.00	7,527.00	
Construction Code Official:					
Uniform Construction Code Fees	A-2		60,740.00	60,740.00	
Other Fees and Permits	A-2a		38,512.00	38,512.00	
Registrar of Vital Statistics:					
Other Fees and Permits	A-2a		290.00	290.00	
Engineer:					
Other Fees and Permits	A-2a		12,735.00	12,735.00	
Police:					
Other Fees and Permits	A-2a		38.00	38.00	
Municipal Court:					
Fines and Costs	A-2	1,798.64	35,221.82	33,849.90	3,170.56
Rents:					
Rent of Building for Use by Post Office	A-2		52,698.75	52,698.75	
Payment for Municipal Purpose Taxes Lost Through Use of Property for Essex Fells					
Water Utility	A-2		203,000.00	203,000.00	
State of New Jersey:					
Energy Receipts Tax	A-2		200,774.00	200,774.00	
Sewer User Charges	A-2	28,688.24	284,945.16	284,285.12	29,348.28
American Rescue Plan	A-2		109,273.97	109,273.97	
Utility Operating Surplus of Prior Year	A-2		50,000.00	50,000.00	
Interest on Investments	A-2		18,089.15	18,089.15	
Police Alarm Fees	A-2		4,000.00	4,000.00	
		<u>\$30,486.88</u>	<u>\$1,080,916.01</u>	<u>\$1,078,884.05</u>	<u>\$ 32,518.84</u>

Reference

A

Reserve

Below

A

Ref.

Cash Receipts  
Sewer Rent Overpayments  
Applied

A-4

\$1,078,297.38

A-16

586.67

\$1,078,884.05

BOROUGH OF ESSEX FELLS  
CURRENT FUND

GRANTS RECEIVABLE

A-11

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>2022</u> <u>Grants</u>	<u>Collections</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
New Jersey Transportation Trust Fund Authority Act:					
2014	\$ 66,789.32	\$	\$	\$ 66,789.32	\$
2015	741.35			741.35	
2016	65,655.87			65,655.87	
2017	51,512.99			51,512.99	
2018	116,080.59			116,080.59	
2019	112,500.00		1,711.11	110,788.89	
2021 - Avon, Windsor and Holton	525,000.00		323,551.93	201,448.07	
2021 - Fullcrest and Devon	276,766.00				276,766.00
Recycling Tonnage Grant		9,610.43	9,610.43		
Drunk Driver Enforcement Program		1,080.00	1,080.00		
Clean Communities Grant		6,116.58	6,116.58		
Body Armor Replacement Program		1,297.98	1,297.98		
Body Armor Replacement Program		972.07	972.07		
Alcohol Education and Rehabilitation		908.80	908.80		
Hazard Mitigation Grant	<u>83,070.00</u>		<u>75,000.00</u>	<u>8,070.00</u>	
	<u>\$1,298,116.12</u>	<u>\$19,985.86</u>	<u>\$420,248.90</u>	<u>\$621,087.08</u>	<u>\$276,766.00</u>

<u>Reference</u>	<u>A</u>	<u>A-2</u>	<u>Below</u>	<u>A-1</u>	<u>A</u>
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Ref.

Interfunds Receivable	A-23	\$ 291,961.14
Transferred from		
Unappropriated	A-25	<u>128,287.76</u>
	Above	<u>\$420,248.90</u>

BOROUGH OF ESSEX FELLS  
CURRENT FUND

2021 APPROPRIATION RESERVES

A-12  
Sheet #1

<u>Appropriations</u>	<u>Balance Dec. 31, 2021</u>		<u>Balance After Transfers</u>	<u>Paid and Committed</u>	<u>Balance Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>APPROPRIATIONS WITHIN "CAPS"</u>					
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$	\$ 1,043.08	\$ 1,043.08	\$	\$ 1,043.08
Other Expenses	7,035.10	5,932.74	12,967.84	7,021.27	5,946.57
Information Technology	425.00	2,115.00	2,540.00	425.00	2,115.00
Elections:					
Other Expenses		3,500.00	3,500.00		3,500.00
Financial Administration:					
Salaries and Wages		0.32	0.32		0.32
Other Expenses		955.16	1,955.16	1,018.99	936.17
Annual Audit		4,100.00	4,100.00	123.93	3,976.07
Assessment of Taxes:					
Other Expenses	427.44	13,572.56	14,000.00	427.44	13,572.56
Collection of Taxes:					
Other Expenses	100.00	6,463.02	6,563.02	1,300.00	5,263.02
Legal Services and Costs:					
Other Expenses	2,163.58	4,310.68	6,474.26	199.46	6,274.80
Engineering Services and Costs:					
Other Expenses		31,301.00	11,301.00	750.00	10,551.00
Municipal Land Use Law (N.J.S. 40:55D-1):					
Planning Board:					
Other Expenses	3,123.50	2,336.10	5,459.60	3,123.50	2,336.10
Zoning Board of Adjustment:					
Other Expenses		876.43	876.43	54.89	821.54
Insurance:					
Group Health		18,083.00	18,083.00	15,561.60	2,521.40
Other Insurance		661.02	661.02		661.02
	<u>13,274.62</u>	<u>95,250.11</u>	<u>108,524.73</u>	<u>30,006.08</u>	<u>78,518.65</u>
<u>PUBLIC SAFETY</u>					
Fire:					
Salaries and Wages		980.00	980.00		980.00
Other Expenses	900.00	7,028.12	7,928.12	309.20	7,618.92
Police:					
Salaries and Wages		43,130.93	22,130.93		22,130.93
Other Expenses	10,253.23	34.97	15,288.20	10,018.18	5,270.02
	<u>11,153.23</u>	<u>51,174.02</u>	<u>62,327.25</u>	<u>10,327.38</u>	<u>51,999.87</u>
<u>STREETS AND ROADS</u>					
Road Repairs and Maintenance:					
Salaries and Wages		74,566.14	74,566.14		74,566.14
Other Expenses	49,883.33	2,982.04	82,865.37	52,789.17	30,076.20
Snow Removal:					
Salaries and Wages		15,000.00	15,000.00		15,000.00
Other Expenses	7,996.02	4,730.34	12,726.36	8,257.95	4,468.41
	<u>57,879.35</u>	<u>97,278.52</u>	<u>155,157.87</u>	<u>61,047.12</u>	<u>94,110.75</u>
<u>SANITATION</u>					
Sewer System:					
Other Expenses	10,900.00	1,316.13	17,216.13	11,190.74	6,025.39
Sanitary Sewer:					
Other Expenses		18,800.00	18,800.00		18,800.00
	<u>10,900.00</u>	<u>20,116.13</u>	<u>36,016.13</u>	<u>11,190.74</u>	<u>24,825.39</u>
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Other Expenses		5,575.00	5,575.00		5,575.00

BOROUGH OF ESSEX FELS  
CURRENT FUND

2021 APPROPRIATION RESERVES

A-12  
Sheet #2

Appropriation	Balance Dec. 31, 2021		Balance After Transfers	Paid and Committed	Balance Lapsed
	Encumbered	Unencumbered			
APPROPRIATIONS WITHIN "CAPS"					
RECREATION AND EDUCATION					
Recreation:					
Other Expenses	\$ 2,175.00	\$ 662.27	\$ 2,837.27	\$ 1,021.20	\$ 1,816.07
Library Service:					
Other Expenses	75.00	1,848.50	1,923.50	75.00	1,848.50
	<u>2,250.00</u>	<u>2,510.77</u>	<u>4,760.77</u>	<u>1,096.20</u>	<u>3,664.57</u>
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUE					
Construction Code Officials:					
Salaries and Wages		11,252.13	11,252.13		11,252.13
Other Expenses	2,240.00	3,425.80	5,665.80	2,350.00	3,315.80
	<u>2,240.00</u>	<u>14,677.93</u>	<u>16,917.93</u>	<u>2,350.00</u>	<u>14,567.93</u>
UNCLASSIFIED					
Utilities:					
Electricity and Gas	2,256.25	50,063.56	52,319.81	2,322.53	49,997.28
Gasoline		32,252.40	32,252.40		32,252.40
Telephones		17,700.29	17,700.29	28.00	17,672.29
	<u>2,256.25</u>	<u>100,016.25</u>	<u>102,272.50</u>	<u>2,350.53</u>	<u>99,921.97</u>
Contingent		5,000.00	5,000.00		5,000.00
Total Operations	<u>99,953.45</u>	<u>391,598.73</u>	<u>496,552.18</u>	<u>118,368.05</u>	<u>378,184.13</u>
STATUTORY EXPENDITURES					
Contributions to:					
Social Security System		7,888.42	7,888.42	326.18	7,562.24
Total Statutory Expenditures		<u>7,888.42</u>	<u>7,888.42</u>	<u>326.18</u>	<u>7,562.24</u>
Total Appropriations Within "CAPS"	<u>99,953.45</u>	<u>399,487.15</u>	<u>499,440.60</u>	<u>118,694.23</u>	<u>380,746.37</u>
APPROPRIATIONS EXCLUDED FROM "CAPS"					
OTHER OPERATIONS					
Sewerage Disposal Service Contract:					
Borough of Caldwell		19.77	19.77		19.77
Township of Verona		4,250.40	4,250.40		4,250.40
Interlocal Municipal Service Agreements:					
Borough of Caldwell:					
Police Dispatchers		2,096.80	2,096.80		2,096.80
Health Services:					
Township of West Orange		45.68	45.68		45.68
Animal Control Service Contract:					
Township of West Orange		76.16	76.16		76.16
Municipal Court:					
Borough of North Caldwell		24,240.99	24,240.99		24,240.99
Total Other Operations		<u>30,729.80</u>	<u>30,729.80</u>		<u>30,729.80</u>
Total Appropriations Excluded from "CAPS"		<u>30,729.80</u>	<u>30,729.80</u>		<u>30,729.80</u>
Total Appropriations	<u>\$ 99,953.45</u>	<u>\$ 430,216.95</u>	<u>\$ 530,170.40</u>	<u>\$ 118,694.23</u>	<u>\$ 411,476.17</u>

Reference

A

A

Below

A-1

Ref.

Cash Disbursed  
Transfer to Accounts Payable

A-4  
A-17

\$ 116,199.61  
2,494.62

Above

\$ 118,694.23



BOROUGH OF ESSEX FELLS  
CURREN FUND

RESERVE FOR MUNICIPAL RELIEF AID

A-13

	<u>Ref.</u>	
Increased by:		
Cash Receipts	A-4	<u>\$ 10,473.16</u>
Balance December 31, 2022	A	<u><u>\$ 10,473.16</u></u>

RESERVE FOR TAX APPEALS

A-14

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 60,585.32
Increased by:		
2022 Tax Collections	A-2b	<u>85,000.00</u>
		145,585.32
Decreased by:		
Cash Disbursed	A-4	<u>39,778.12</u>
Balance December 31, 2022	A	<u><u>\$105,807.20</u></u>

DUE TO STATE OF NEW JERSEY  
DEPARTMENT OF COMMUNITY AFFAIRS

A-15

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 4,199.00
Increased by:		
Collections - Surcharge on Building Permits	A-4	<u>6,388.00</u>
		10,587.00
Decreased by:		
Cash Disbursed	A-4	<u>8,521.00</u>
Balance December 31, 2022	A	<u><u>\$ 2,066.00</u></u>

BOROUGH OF ESSEX FELS  
CURRENT FUND

SEWER OVERPAYMENTS

A-16

	<u>Ref.</u>	
Balance December 31, 2021	A	\$ 586.67
Increased by:		
Cash Receipts	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">1,644.68</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		2,231.35
Decreased by:		
Applied to Anticipated Revenues	A-10	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">586.67</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance December 31, 2022	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 1,644.68</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

ACCOUNTS PAYABLE

A-17

	<u>Ref.</u>		
Balance December 31, 2021	A		\$28,289.35
Increased by:			
Transfer from Appropriation Reserves	A-12		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">2,494.62</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
			30,783.97
Decreased by:			
Cancelled	A-1	\$ 266.94	
Cash Disbursed	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">6,484.91</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>	
			<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">6,751.85</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance December 31, 2022	A		<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$24,032.12</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

BOROUGH OF ESSEX FELS  
CURRENT FUND

COUNTY TAXES

A-18

	<u>Ref.</u>		
Balance December 31, 2021	A		\$ 7,065.04
Increased by:			
2022 Levy:			
General County		\$ 3,599,579.53	
County Open Space Preservation		121,834.69	
County Added and Omitted Taxes		<u>12,218.85</u>	
	A-1,2b,7		<u>3,733,633.07</u>
			3,740,698.11
Decreased by:			
Cancelled	A-1	1,109.36	
Payments	A-4	<u>3,727,369.90</u>	
			<u>3,728,479.26</u>
Balance December 31, 2022	A		<u>\$ 12,218.85</u>

BOROUGH OF ESSEX FELS  
CURRENT FUND

LOCAL SCHOOL DISTRICT TAXES

A-19

	<u>Ref.</u>	<u>Net Tax Payable</u>	<u>Deferred School Tax</u>	<u>Local School Tax</u>
Balance December 31, 2021	A	\$ 1.04	\$ (399,615.50)	\$ 399,616.54
Increased by:				
Levy School Year 2022 - 2023	A-1,2b,7	<u>5,505,199.00</u> 5,505,200.04	<u>(399,615.50)</u>	<u>5,505,199.00</u> 5,904,815.54
Decreased by:				
Payments	A-4	<u>5,505,199.06</u>		<u>5,505,199.06</u>
Balance December 31, 2022	A	<u>\$ 0.98</u>	<u>\$ (399,615.50)</u>	<u>\$ 399,616.48</u>

REGIONAL HIGH SCHOOL TAXES

A-20

	<u>Ref.</u>	<u>Net Tax Payable</u>	<u>Deferred School Tax</u>	<u>Regional School Tax</u>
Balance December 31, 2021	A	\$ 72,194.25	\$ (1,406,803.57)	\$ 1,478,997.82
Increased by:				
Levy School Year 2022 - 2023	A-1,2b,7	<u>3,059,164.00</u> 3,059,164.00	<u>(1,406,803.57)</u>	<u>3,059,164.00</u> 4,538,161.82
Decreased by:				
Payments	A-4	<u>3,096,792.00</u>		<u>3,096,792.00</u>
Balance December 31, 2022	A	<u>\$ 34,566.25</u>	<u>\$ (1,406,803.57)</u>	<u>\$ 1,441,369.82</u>

BOROUGH OF ESSEX FELLS  
CURRENT FUND

PREPAID TAXES

A-21

	<u>Ref.</u>	
Balance December 31, 2021	A	\$170,733.96
Increased by:		
Cash Receipts	A-4	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">144,936.69</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
		315,670.65
Decreased by:		
Applied to Tax Levy	A-7	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">170,733.96</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance December 31, 2022	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$144,936.69</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

RESERVE FOR DONATED ASSETS

A-22

	<u>Ref.</u>	
Balance December 31, 2021	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 1,997.50</div> <div style="border-top: 1px solid black; width: 100px;"></div> </div>
Balance December 31, 2022	A	<div style="display: flex; justify-content: flex-end;"> <div style="text-align: right; margin-right: 10px;">\$ 1,997.50</div> <div style="border-top: 1px solid black; border-bottom: 3px double black; width: 100px;"></div> </div>

BOROUGH OF ESSEX FELS  
FEDERAL AND STATE GRANT FUND

INTERFUNDS RECEIVABLE/(PAYABLE)  
FEDERAL AND STATE GRANT FUND

A-23

	<u>Ref.</u>	<u>Current Fund</u>
Balance December 31, 2021:		
Due From/(To)	A	\$ (229,751.68)
Increased by:		
Grants Receivable	A-12	\$ 291,961.14
Interfund Transfers	A-9	28,846.91
Reserve for Revenue -		
Unappropriated	A-25	<u>151,217.68</u>
		<u>472,025.73</u>
		242,274.05
Decreased by:		
Reserve for Grants	A-24	<u>299,540.99</u>
Balance December 31, 2022:		
Due From/(To)	A	<u>\$ (57,266.94)</u>

BOROUGH OF ESSEX FELS  
FEDERAL AND STATE GRANT FUND

RESERVE FOR GRANTS

A-24

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Budget</u> <u>Appropriation</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Alcohol Education and Rehabilitation	\$ 6,365.71	\$ 908.80	\$	\$ 7,274.51
Body Armor Replacement Fund	177.47	2,270.05	2,120.40	327.12
Drunk Driving Enforcement Fund	8,167.18	1,080.00	6,350.71	2,896.47
New Jersey Transportation Trust				
Fund Authority Act:				
2014	66,789.32		66,789.32	
2015	48,470.54		48,470.54	
2016	64,128.37		64,128.37	
2017	51,512.99		51,512.99	
2018	60,542.80		60,542.80	
2019	44,440.99		44,440.99	
2021 - Avon, Windsor and Holton	213,088.07		213,088.07	
2021 - Fullcrest and Devon	276,766.00		276,766.00	
CARES Act (COVID-19)	49,133.64		49,133.64	
Recycling Tonnage Grant		9,610.43		9,610.43
Clean Communities	42,056.27	6,116.58		48,172.85
Silicon Valley Community Foundation	300.00		300.00	
Hazard Mitigation Grant	4,005.54		4,005.54	
Local Aid - Essex County	4,131.79		4,131.79	
	<u>\$ 940,076.68</u>	<u>\$ 19,985.86</u>	<u>\$ 891,781.16</u>	<u>\$ 68,281.38</u>

Reference

A

A-3

Below

A

Ref.

A-1

\$ 592,240.17

A-23

299,540.99

Above

\$ 891,781.16

BOROUGH OF ESSEX FELLS  
FEDERAL AND STATE GRANT FUND

RESERVE FOR REVENUE - UNAPPROPRIATED

A-25

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Recycling Tonnage Grant	\$ 9,610.43	\$ 7,110.80	9,610.43	\$ 7,110.80
Clean Communities Grant	6,116.58	6,350.93	6,116.58	6,350.93
Alcohol Education and Rehabilitation Grant	908.80	789.66	908.80	789.66
American Rescue Plan	109,273.97	109,273.97	109,273.97	109,273.97
Body Worn Cameras		26,494.00		26,494.00
Body Armor Replacement Program	1,297.98	1,198.32	1,297.98	1,198.32
Drunk Driving Enforcement Program	<u>1,080.00</u>		<u>1,080.00</u>	
	<u>\$ 128,287.76</u>	<u>\$151,217.68</u>	<u>\$128,287.76</u>	<u>\$151,217.68</u>
<u>Reference</u>	<u>A</u>	<u>A-23</u>	<u>A-11</u>	<u>A</u>



BOROUGH OF ESSEX FELLS  
TRUST FUNDS

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

B-1

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	
Balance December 31, 2021	B		\$ 8,750.43
Increased by:			
Due to State of New Jersey	B-4	\$ 202.20	
Dog License Fees	B-5	2,556.80	
Interest Earned	B-5	14.88	
Late Fees	B-5	<u>110.00</u>	
			<u>2,883.88</u>
			11,634.31
Decreased by:			
Due to State of New Jersey	B-4	202.20	
Reserve for Animal Control Trust			
Fund Expenditures	B-5	<u>5,792.08</u>	
			<u>5,994.28</u>
Balance December 31, 2022	B		<u>\$ 5,640.03</u>

BOROUGH OF ESSEX FELLS  
TRUST FUNDS

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

B-2

	<u>Ref.</u>	<u>Trust Other Fund</u>
Balance December 31, 2021	B	\$430,975.89
Increased by Receipts:		
Interfunds Payable	B-6	\$ 9,842.19
Reserve for State Unemployment Compensation Insurance	B-7	7,705.30
Reserve for Expenditures	B-8	<u>277,678.35</u>
		<u>295,225.84</u>
		726,201.73
Decreased by Disbursements:		
Interfunds Payable	B-6	9,842.19
Reserve for State Unemployment Compensation Insurance	B-7	5,956.45
Reserve for Expenditures	B-8	<u>307,264.19</u>
		<u>323,062.83</u>
Balance December 31, 2022	B	<u>\$403,138.90</u>

BOROUGH OF ESSEX FELLS  
TRUST FUNDS

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

B-3

	<u>Ref.</u>	<u>Payroll Account</u>
Balance December 31, 2021	B	\$ 40,561.26
Increased by:		
Gross Payroll	B-9	<u>2,509,405.28</u>
		2,549,966.54
Decreased by:		
Deductions and Net Payroll	B-9	<u>2,527,986.56</u>
Balance December 31, 2022	B	<u><u>\$ 21,979.98</u></u>

BOROUGH OF ESSEX FELLS  
TRUST FUNDS

DUE TO STATE OF NEW JERSEY

B-4

Animal  
Control  
Trust  
Fund

Ref.

Increased by:

    Collections:

        State License Fees

B-1

\$202.20

Decreased by:

    Payments

B-1

202.20

\$ -

BOROUGH OF ESSEX FELLS  
TRUST FUNDS

RESERVE FOR ANIMAL CONTROL TRUST FUND EXPENDITURES

B-5

	<u>Ref.</u>		
Balance December 31, 2021	B		\$ 8,750.43
Increased by:			
Dog License Fees	B-1	\$2,556.80	
Interest Earned	B-1	14.88	
Late Fees	B-1	<u>110.00</u>	
			<u>2,681.68</u>
			11,432.11
Decreased by:			
Excess Transferred to Current Fund		5,658.27	
Expenditures		<u>133.81</u>	
	B-1		<u>5,792.08</u>
Balance December 31, 2022	B		<u>\$ 5,640.03</u>

Animal Control Trust Fund Collections

<u>Year</u>	
2021	\$ 3,086.03
2020	<u>2,554.00</u>
Maximum Reserve	<u>\$ 5,640.03</u>

BOROUGH OF ESSEX FELS  
TRUST FUNDS

INTERFUNDS PAYABLE

B-6

		<u>Trust Other Fund</u>	
		<u>Water</u>	<u>Payroll</u>
	<u>Ref.</u>	<u>Operating</u>	<u>Fund</u>
		<u>Fund</u>	<u>Fund</u>
Increased by:			
Cash Receipts	B-2	\$ 2,500.00	\$ 7,342.19
Decreased by:			
Cash Disbursed	B-2	<u>2,500.00</u>	<u>7,342.19</u>
		<u>\$ -</u>	<u>\$ -</u>

BOROUGH OF ESSEX FELS  
TRUST FUNDS

RESERVE FOR STATE UNEMPLOYMENT COMPENSATION INSURANCE FUND

B-7

	<u>Ref.</u>	
Balance December 31, 2021	B	\$ 9,887.74
Increased by:		
Cash Receipts	B-2	<u>7,705.30</u>
		17,593.04
Decreased by:		
Cash Disbursed	B-2	<u>5,956.45</u>
Balance December 31, 2022	B	<u><u>\$11,636.59</u></u>

BOROUGH OF ESSEX FELS  
TRUST FUNDS

RESERVE FOR EXPENDITURES

B-8

<u>Account</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Storm Recovery Trust	\$ 48,379.42	\$	\$	\$ 48,379.42
Escrow Accounts	31,019.31	77,581.01	69,268.92	39,331.40
Parking Offenses Adjudication Act	797.88	10.00		807.88
Recycling	6,332.50			6,332.50
Accumulated Absences	45,000.00			45,000.00
Tax Sale Premium	104,100.00	121,200.00	104,100.00	121,200.00
Police Extra Overtime	48,601.26	36,021.84	46,692.00	37,931.10
Tax Title Lien Redemptions	55,184.30	75.00	55,259.30	
Public Defender	3,781.87			3,781.87
Police Confiscated Funds	186.98	5,093.00	93.00	5,186.98
Recreation	77,704.63	37,697.50	31,850.97	83,551.16
	<u>\$421,088.15</u>	<u>\$277,678.35</u>	<u>\$307,264.19</u>	<u>\$391,502.31</u>

Reference

B

B-2

B-2

B



BOROUGH OF ESSEX FELLS  
PAYROLL FUND

PAYROLL DEDUCTIONS PAYABLE

B-9

<u>Description</u>	Balance <u>Dec. 31, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>Dec. 31, 2022</u>
Net Salaries and Wages	\$ 105.98	\$ 1,564,041.89	\$ 1,564,147.87	\$
Payroll Taxes	(23.39)	516,769.29	518,343.46	(1,597.56)
Unemployment Insurance Fund	6,014.40	1,265.84	7,280.24	
Disability Taxes	(4,245.55)	4,245.55		
PERS Pension	4,259.56	47,835.32	47,712.71	4,382.17
Contributory Insurance	284.38	3,188.57	3,180.88	292.07
PERS Back Pension	228.14	1,140.72	1,368.88	(0.02)
PERS Loans	0.06			0.06
PFRS Pension	13,202.30	137,417.92	138,102.22	12,518.00
PFRS Loans	961.83	6,732.32	7,694.08	0.07
Deferred Compensation - ICMA	4,564.61	80,736.98	85,301.59	
Deferred Compensation - Loans	1,069.26	10,927.70	12,005.69	(8.73)
Health Contribution		125,354.50	125,354.50	
AFLAC	290.38	1,592.88	1,592.88	290.38
Union Dues - Teamsters	993.00	1,916.50	2,319.00	590.50
PBA Dues	8,837.28	4,721.88	13,559.16	
Return Stale Checks	2,852.70	1,411.42		4,264.12
Unidentified/Reconciling	1,166.32	106.00	23.40	1,248.92
Total	<u>\$ 40,561.26</u>	<u>\$ 2,509,405.28</u>	<u>\$ 2,527,986.56</u>	<u>\$ 21,979.98</u>
<u>Reference</u>	<u>B</u>	<u>B-3</u>	<u>B-3</u>	<u>B</u>

BOROUGH OF ESSEX FELLS  
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

C-2

	<u>Ref.</u>		
Balance December 31, 2021	C		\$589,274.64
Increased by Receipts:			
Fund Balance	C-1	\$ 8,187.59	
Interfunds Payable	C-7	220,000.00	
Capital Improvement Fund	C-8	<u>20,000.00</u>	
			<u>248,187.59</u>
			837,462.23
Decreased by Expenditures:			
Improvement Authorizations	C-9		<u>775,355.16</u>
Balance December 31, 2022	C		<u>\$ 62,107.07</u>

BOROUGH OF ESSEX FELS  
GENERAL CAPITAL FUND

C-3

ANALYSIS OF CAPITAL CASH AND INVESTMENTS

	Balance Dec. 31, 2021	Receipts Other	Disbursements Improvement Authorizations	Transfers		Balance Dec. 31, 2022
				From	To	
Improvement Authorizations:						
#012-927G	\$ 4,500.00	\$	\$			\$ 4,500.00
#014-955B	4,800.00					4,800.00
#014-955C	40,413.79					40,413.79
#015-965A	49,137.15		25,764.32			23,372.83
#015-965E	69,466.64		35,800.00			33,666.64
#015-965F	17,517.00					17,517.00
#015-965G	83,105.68		72,959.00			10,146.68
#015-965H	48,368.32		1,588.75			46,779.57
#017-983	(4,538.43)				7,750.00	3,211.57
#018-996A	(38,317.82)				38,317.82	
#018-996C	(6,682.18)				6,682.18	
#018-1003	(139,811.26)				76,750.00	(63,061.26)
#019-1010	(91,907.78)				55,000.00	(36,907.78)
#019-1012	184,896.02		35,779.17			149,116.85
#019-1028	14.18				35,500.00	35,514.18
#020-1038	264,200.45		142,410.61			121,789.84
#021-1051	25,788.19		219,049.41			(193,261.22)
#022-1054			475.00			(475.00)
#022-1069			241,528.90		30,000.00	(211,528.90)
Other Accounts:						
Due to Current Fund		220,000.00		220,000.00		
Capital Improvement Fund	11,074.16	20,000.00		30,000.00		1,074.16
Reserve to Pay Debt Service	30,199.40					30,199.40
Fund Balance	37,051.13	8,187.59				45,238.72
	<u>\$589,274.64</u>	<u>\$248,187.59</u>	<u>\$775,355.16</u>	<u>\$250,000.00</u>	<u>\$250,000.00</u>	<u>\$ 62,107.07</u>
Reference	C	C-2	C-2	Contra	Contra	C-C-2

BOROUGH OF ESSEX FELS  
GENERAL CAPITAL FUND

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

C-4

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 463,000.00
Decreased by:		
Payment of Serial Bonds	C-13	<u>150,000.00</u>
Balance December 31, 2022	C	<u><u>\$ 313,000.00</u></u>

DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

C-5

	<u>Ref.</u>		
Balance December 31, 2021	C		\$3,320,597.00
Increased by:			
Improvement Authorizations	C-9		<u>1,435,000.00</u>
			4,755,597.00
Decreased by:			
Budget Appropriations - Unfunded			
Ordinances	C-7	\$220,000.00	
Bond Anticipation Notes Pay Down	C-12	<u>236,500.00</u>	
			<u>456,500.00</u>
Balance December 31, 2022	C,Below		<u><u>\$4,299,097.00</u></u>

Analysis of Balance

Ordinance #15-965	\$ 287,975.00
Ordinance #18-1003	76,750.00
Ordinance #19-1010	55,000.00
Ordinance #19-1012	376,197.00
Ordinance #19-1028	829,000.00
Ordinance #20-1038	441,175.00
Ordinance #21-1051	798,000.00
Ordinance #21-1054	865,000.00
Ordinance #21-1069	<u>570,000.00</u>
Above	<u><u>\$4,299,097.00</u></u>

BOROUGH OF ESSEX FELLS  
GENERAL CAPITAL FUND

FEDERAL AND STATE GRANTS RECEIVABLE

C-6

	<u>Ref.</u>	
Increased by:		
Grants Awarded	C-11	<u>\$565,000.00</u>
Balance December 31, 2022	C	<u><u>\$565,000.00</u></u>

INTERFUNDS PAYABLE

C-7

	<u>Ref.</u>	<u>Current Fund</u>
Increased by:		
Cash Receipts	C-2	\$220,000.00
Decreased by:		
Budget Appropriations - Unfunded Ordinances	C-5	<u>220,000.00</u>
		<u><u>\$ -</u></u>

BOROUGH OF ESSEX FELS  
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND

C-8

	<u>Ref.</u>	
Balance December 31, 2021	C	\$11,074.16
Increased by:		
Budget Appropriation	C-2	<u>20,000.00</u>
		31,074.16
Decreased by:		
Appropriated to Finance Improvement		
Authorizations	C-9	<u>30,000.00</u>
Balance December 31, 2022	C	<u><u>\$ 1,074.16</u></u>

## IMPROVEMENT AUTHORIZATIONS

Number	Ordinance Date	Amount	Balance Dec. 31, 2021		2022 Authorizations	Paid or Charged	Balance Dec. 31, 2022	
			Funded	Unfunded			Funded	Unfunded
<b>General Improvements</b>								
012-927G	5/15/12	\$ 20,000.00	\$ 4,500.00	\$	\$	\$ 4,500.00	\$	
014-955B	5/27/14	292,000.00	4,800.00			4,800.00		
014-955C	5/27/14	100,000.00	40,413.79			40,413.79		
015-965A	7/21/15	205,000.00		49,137.15	25,764.32		23,372.83	
015-965E	7/21/15	105,000.00		69,466.64	35,800.00		33,666.64	
015-965F	7/21/15	60,000.00		17,517.00			17,517.00	
015-965G	7/21/15	414,000.00		83,105.68	72,959.00		10,146.68	
015-965H	7/21/15	57,500.00		48,368.32	1,588.75		46,779.57	
017-983	11/30/17	275,000.00		3,211.57		3,211.57		
018-1003	10/02/18	290,000.00		13,688.74			13,688.74	
019-1010	3/18/19	545,000.00		18,092.22			18,092.22	
019-1012	3/18/19	487,197.00		185,093.02	35,779.17		149,313.85	
019-1028	10/15/19	1,300,000.00		188,489.18			188,489.18	
020-1038	7/21/20	506,500.00		284,375.45	142,410.61		141,964.84	
021-1051	11/16/21	840,000.00	25,788.19	798,000.00	219,049.41		604,738.78	
022-1054	4/19/22	865,000.00			475.00		864,525.00	
022-1069	12/20/22	600,000.00			241,528.90		358,471.10	
			<u>\$ 75,501.98</u>	<u>\$ 1,758,544.97</u>	<u>\$ 1,465,000.00</u>	<u>\$ 775,355.16</u>	<u>\$ 2,470,766.43</u>	
		Reference	Q	Q	Below	C-2	C	

Deferred Charges - Unfunded	C-5	\$ 1,435,000.00
Capital Improvement Fund	C-8	30,000.00

Above

BOROUGH OF ESSEX FELS  
GENERAL CAPITAL FUND

RESERVE TO PAY DEBT SERVICE

C-10

	<u>Ref.</u>	
Balance December 31, 2021	C	<u>\$ 30,199.40</u>
Balance December 31, 2022	C	<u><u>\$ 30,199.40</u></u>

RESERVE FOR FEDERAL AND STATE GRANTS

C-11

	<u>Ref.</u>	
Increased by:		
Grants Awarded	C-6	<u>\$ 565,000.00</u>
Balance December 31, 2022	C	<u><u>\$ 565,000.00</u></u>



BOROUGH OF ESSEX FELL'S  
GENERAL CAPITAL FUND

C-12

BOND ANTICIPATION NOTES

<u>Ordinance</u>	<u>Original Date of Issuance</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2021</u>	<u>Increased By</u>	<u>Decreased By</u>	<u>Balance Dec. 31, 2022</u>
Various Capital Improvements: Ordinance #2015-965	12/21/2016	12/13/2022 9/08/2023	0.42% 4.50%	\$ 36,575.00	\$ 17,975.00	\$ 36,575.00	\$ 17,975.00
Various Capital Improvements: Ordinance #2015-965	12/20/2017	12/12/2022 9/08/2023	0.42% 4.50%	301,400.00	270,000.00	301,400.00	270,000.00
Purchase of Property: Ordinance #2019-1028	12/16/2019	12/12/2022 9/08/2023	0.42% 4.50%	799,525.00	676,025.00	799,525.00	676,025.00
Various Capital Improvements: Ordinance #2019-1012	12/14/2020	12/12/2022 9/08/2023	0.42% 4.50%	419,000.00	376,000.00	419,000.00	376,000.00
Various Capital Improvements: Ordinance #2020-1038	12/14/2020	12/12/2022 9/08/2023	0.42% 4.50%	200,000.00	200,000.00	200,000.00	200,000.00
Various Capital Improvements: Ordinance #2020-1038	12/12/2021	12/12/2022 9/08/2023	0.42% 4.50%	241,000.00	221,000.00	241,000.00	221,000.00
				<u>\$1,997,500.00</u>	<u>\$1,761,000.00</u>	<u>\$1,997,500.00</u>	<u>\$1,761,000.00</u>
			<u>Reference</u>	<u>C</u>	<u>Below</u>	<u>Below</u>	<u>C</u>

Ref.

Paid in Budget Rollover	C-5 Contra	\$ 236,500.00
		<u>1,761,000.00</u>
	Above	<u>\$1,997,500.00</u>

BOROUGH OF ESSEX FELS  
GENERAL CAPITAL FUND

C-13

SERIAL BONDS PAYABLE

<u>Purpose</u>	<u>Original Issue</u>		<u>Maturities of Bonds Outstanding Dec. 31, 2022</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2021</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2022</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
2011 General Obligation Bonds, Series 2011	2-01-11	\$ 1,633,000.00	2-01-23	\$ 153,000.00	3.500%	\$ 463,000.00		
			2-01-24	160,000.00	4.000%	\$ 463,000.00	\$ 150,000.00	\$ 313,000.00
					<u>Reference</u>	<u>C</u>	<u>C-4</u>	<u>C</u>

BOROUGH OF ESSEX FIELDS  
GENERAL CAPITAL FUND

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

C-14

<u>Ordinance Number</u>	<u>Date</u>	<u>Debt Authorized</u>	<u>Balance Dec. 31, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2022</u>
Police Dispatch Equipment	2017-983	11-30-17	\$ 261,250.00	\$	\$ 7,750.00	\$
Various Capital Improvements	2018-996	4-17-18	190,000.00		45,000.00	
Trotter Track Embankment Renovations	2018-1003	10-02-18	275,500.00	153,500.00	76,750.00	76,750.00
Acquisition of Fire Truck and Equipment	2019-1010	3-18-19	220,000.00	110,000.00	55,000.00	55,000.00
Various Capital Improvements	2019-1012	3-18-19	462,197.00	197.00		197.00
Purchase of Property	2019-1028	10-15-19	1,235,000.00	188,475.00	35,500.00	152,975.00
Various Capital Improvements	2020-1038	7-21-20	481,175.00	20,175.00		20,175.00
Various Capital Improvements	2021-1051	11-16-21	798,000.00	798,000.00		798,000.00
Various Road Projects	2022-1054	4-19-22	865,000.00	865,000.00		865,000.00
	2022-1069	12-20-22	570,000.00	570,000.00		570,000.00
			<u>\$ 1,323,097.00</u>	<u>\$ 1,435,000.00</u>	<u>\$ 220,000.00</u>	<u>\$ 2,538,097.00</u>
			<u>C</u>	<u>C-9</u>	<u>C-5</u>	<u>C</u>

BOROUGH OF ESSEX FELS  
WATER UTILITY

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

D-5

	<u>Ref.</u>	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2021	D	\$1,159,349.42	\$ 387,576.10
Increased by Receipts:			
Fund Balance	D-2	\$	\$ 9,584.74
Miscellaneous Revenue Not Anticipated	D-3	8,441.00	
Interfunds Receivable	D-7	53.43	
Consumer Accounts Receivable	D-8	2,989,317.65	
Interfunds Payable	D-13		2,936,249.62
Water Rent Overpayments	D-16	1,743.48	
		<u>2,999,555.56</u>	<u>2,945,834.36</u>
		4,158,904.98	3,333,410.46
Decreased by Disbursements:			
Fund Balance Anticipated in Current Fund	D-1	50,000.00	
Budget Appropriations	D-4	2,221,131.40	
Interfunds Receivable	D-7	550,000.00	
Appropriation Reserves	D-12	495,918.36	
Interfunds Payable	D-13		2,386,303.05
Accrued Interest on Bonds	D-15	14,632.50	
Accrued Interest on Notes	D-17	8,634.25	
Improvement Authorizations	D-19		921,978.10
		<u>3,340,316.51</u>	<u>3,308,281.15</u>
Balance December 31, 2022	D	\$ 818,588.47	\$ 25,129.31

BOROUGH OF ESSEX FELS  
WATER UTILITY

ANALYSIS OF WATER CAPITAL CASH

D-6

	Ordinance Number	Balance Dec. 31, 2021	Receipts		Improvement Authorizations	Disbursements		Balance Dec. 31, 2022
				Other			Other	
Fund Balance		\$ 18,202.81	\$	9,584.74	\$	\$	\$ 27,787.55	
Interfunds Payable		53.43		2,936,249.62		2,386,303.05	550,000.00	
Capital Improvement Fund		78,746.65					78,746.65	
Improvement Authorizations:								
Various Water Capital Improvements	964	108,842.36			108,522.36		320.00	
Various Water Capital Improvements	995	(39,320.09)			260,679.91		(300,000.00)	
Various Water Capital Improvements	1011	218,742.54			98,404.04		120,338.50	
Various Water Capital Improvements	1036	2,308.40					2,308.40	
Various Water Capital Improvements	1056				24,223.11		(24,223.11)	
Water Treatment System Improvements	1057				430,148.68		(430,148.68)	
		<u>\$387,576.10</u>		<u>\$ 2,945,834.36</u>	<u>\$921,978.10</u>	<u>\$2,386,303.05</u>	<u>\$ 25,129.31</u>	
Reference	D		D-5		D-19	D-5	D	

BOROUGH OF ESSEX FELLS  
WATER UTILITY

WATER OPERATING FUND  
INTERFUNDS RECEIVABLE

D-7

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 53.43
Increased by:		
Cash Disbursement	D-5	550,000.00
		<u>550,053.43</u>
Decreased by:		
Cash Receipt	D-5	53.43
		<u>53.43</u>
Balance December 31, 2022	D,Below	<u>\$ 550,053.43</u>
<u>Analysis of Balance</u>		
Due from Water Capital Fund	Above	<u>\$ 550,000.00</u>

CONSUMER ACCOUNTS RECEIVABLE

D-8

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 136,457.92
Increased by:		
Billings - Net	Reserve	3,144,022.25
		<u>3,280,480.17</u>
Decreased by:		
Collections	D-5	\$2,989,317.65
Overpayments Applied	D-16	8,906.59
	D-3	<u>2,998,224.24</u>
Balance December 31, 2022	D	<u>\$ 282,255.93</u>

BOROUGH OF ESSEX FELS  
WATER UTILITY

INVENTORIES  
MATERIALS AND SUPPLIES

D-9

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 57,200.00
Balance December 31, 2022	D	<u>\$ 57,200.00</u>

FIXED CAPITAL

D-10

	<u>Ref.</u>	
Balance December 31, 2021	D	\$12,666,364.12
Increased by:		
Fixed Capital Authorized and Uncompleted	D-11	<u>921,978.10</u>
Balance December 31, 2022	D	<u>\$13,588,342.22</u>

BOROUGH OF ESSEX FELS  
WATER UTILITY

FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

D-11

<u>General Improvements</u>	<u>Ordinance</u> <u>Number</u>	<u>Amount</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>2022</u> <u>Authorizations</u>	<u>Transferred</u> <u>to</u> <u>Fixed Capital</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Various Improvements	964	\$ 725,000.00	\$ 108,842.36	\$	\$ 108,522.36	\$ 320.00
Various Improvements	995	300,000.00	260,679.91		260,679.91	
Various Improvements	1011	979,000.00	219,042.54		98,404.04	120,638.50
Various Improvements	1036	600,000.00	2,308.40			2,308.40
Various Improvements	1056	460,000.00		460,000.00	24,223.11	435,776.89
Various Improvements	1057	9,000,000.00		9,000,000.00	430,148.68	8,569,851.32
			<u>\$590,873.21</u>	<u>\$9,460,000.00</u>	<u>\$921,978.10</u>	<u>\$9,128,895.11</u>
	<u>Reference</u>		<u>D</u>	<u>D-19</u>	<u>D-10</u>	<u>D</u>



BOROUGH OF ESSEX FIELDS  
WATER UTILITY

2021 APPROPRIATION RESERVES

D-12

	<u>Balance Dec. 31, 2021 Reserved</u>	<u>Balance After Transfer</u>	<u>Expenditures</u>	<u>Balance Lapsed</u>
<u>Operating</u>				
Salaries and Wages	\$ 22,134.48	\$ 22,134.48	\$	\$22,134.48
Other Expenses	618,180.71	618,180.71	564,668.36	53,512.35
<u>Statutory Expenditures</u>				
Social Security System	<u>22,017.93</u>	<u>22,017.93</u>	<u>                    </u>	<u>22,017.93</u>
	<u>\$662,333.12</u>	<u>\$662,333.12</u>	<u>\$564,668.36</u>	<u>\$97,664.76</u>
<u>Reference</u>	<u>Below</u>		<u>Below</u>	<u>D-1</u>

	<u>Ref.</u>		
Encumbered	D	\$405,159.88	\$
Unencumbered	D	257,173.24	
Cash Disbursed	D-5		495,918.36
Accounts Payable	D-14	<u>                    </u>	<u>68,750.00</u>
	Above	<u>\$662,333.12</u>	<u>\$564,668.36</u>

BOROUGH OF ESSEX FELLS  
WATER UTILITY

INTERFUNDS PAYABLE

D-13

		<u>Water Capital Fund</u>			
	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>	<u>General Capital Fund</u>	<u>Water Operating Fund</u>
Balance December 31, 2021	D	\$ 53.43	\$	\$	\$ 53.43
Increased by:					
Cash Receipts	D-5	<u>2,936,249.62</u>	<u>300,000.00</u>	<u>1,997,500.00</u>	<u>638,749.62</u>
		2,936,303.05	300,000.00	1,997,500.00	638,803.05
Decreased by:					
Cash Disbursed	D-5	<u>2,386,303.05</u>	<u>300,000.00</u>	<u>1,997,500.00</u>	<u>88,803.05</u>
Balance December 31, 2022	D	<u>\$ 550,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$550,000.00</u>

BOROUGH OF ESSEX FELLS  
WATER UTILITY

ACCOUNTS PAYABLE

D-14

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 50,000.00
Increased by:		
Transfer from Appropriation		
Reserves	D-12	<u>68,750.00</u>
Balance December 31, 2022	D	<u><u>\$118,750.00</u></u>

ACCRUED INTEREST ON BONDS

D-15

	<u>Ref.</u>		
Balance December 31, 2021	D		\$ 7,193.75
Increased by:			
Budget Appropriations	D-4		<u>14,632.50</u>
			21,826.25
Decreased by:			
Cancelled	D-1	\$ 2,193.75	
Cash Disbursed	D-5	<u>14,632.50</u>	
			<u>16,826.25</u>
Balance December 31, 2022	D		<u><u>\$ 5,000.00</u></u>

BOROUGH OF ESSEX FELS  
WATER UTILITY

WATER RENT OVERPAYMENTS

D-16

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 8,906.59
Increased by:		
Cash Receipts	D-5	<u>1,743.48</u> 10,650.07
Decreased by:		
Applied to Consumer Accounts Receivable	D-8	<u>8,906.59</u>
Balance December 31, 2022	D	<u><u>\$ 1,743.48</u></u>

ACCRUED INTEREST ON NOTES

D-17

	<u>Ref.</u>	
Balance December 31, 2021	D	\$ 407.73
Increased by:		
Budget Appropriations	D-4	<u>8,650.00</u> 9,057.73
Decreased by:		
Cash Disbursed	D-5	<u>8,634.25</u>
Balance December 31, 2022	D	<u><u>\$ 423.48</u></u>

CAPITAL IMPROVEMENT FUND

D-18

	<u>Ref.</u>	
Balance December 31, 2021	D	<u>\$78,746.65</u>
Balance December 31, 2022	D	<u><u>\$78,746.65</u></u>

BOROUGH OF ESSEX FELS  
WATER UTILITY

IMPROVEMENT AUTHORIZATIONS

D-19

<u>General Improvements</u>	<u>Ordinance</u>		<u>Balance Dec. 31, 2021 Unfunded</u>	<u>2022 Authorizations</u>	<u>Paid or Charged</u>	<u>Balance Dec. 31, 2022 Unfunded</u>
	<u>Number</u>	<u>Date</u>				
Various Capital Improvements	964	5/21/15	\$725,000.00	\$108,842.36	\$108,522.36	\$ 320.00
Various Capital Improvements	995	4/17/18	300,000.00	260,679.91	260,679.91	
Various Capital Improvements	1011	3/18/19	979,000.00	219,042.54	98,404.04	120,638.50
Various Capital Improvements	1036	3/17/20	600,000.00	2,308.40		2,308.40
Various Capital Improvements	1056	5/03/22	460,000.00	460,000.00	24,223.11	435,776.89
Water Treatment Systems Improvements	1057	5/03/22	600,000.00		430,148.68	8,569,851.32
				<u>9,000,000.00</u>	<u>430,148.68</u>	<u>8,569,851.32</u>
				<u>\$ 9,460,000.00</u>	<u>\$921,978.10</u>	<u>\$ 9,128,895.11</u>
		<u>Reference</u>	<u>D</u>	<u>D-11</u>	<u>D-5</u>	<u>D</u>

BOROUGH OF ESSEX FELS  
WATER UTILITY

RESERVE FOR AMORTIZATION

D-20

	<u>Ref.</u>	
Balance December 31, 2021	D	\$10,370,487.33
Increased by:		
Payment of Serial Bonds	D-22	<u>156,000.00</u>
Balance December 31, 2022	D	<u><u>\$10,526,487.33</u></u>

DEFERRED RESERVE FOR AMORTIZATION

D-21

	<u>Ref.</u>	
Balance December 31, 2021	D	<u>\$ 48,950.00</u>
Balance December 31, 2022	D,Below	<u><u>\$ 48,950.00</u></u>
<u>Analysis of Balance</u>		
Ordinance #1011	Above	<u><u>\$ 48,950.00</u></u>

BOROUGH OF ESSEX FIELDS  
WATER UTILITY

SERIAL BONDS PAYABLE

D-22

<u>Purpose</u>	<u>Original Issue</u>		<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2021</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2022</u>
	<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>				
Water Utility Bonds, Series 2011	2-01-11	\$1,716,000.00	2-01-23	\$160,000.00	3.500%			
			2-01-24	160,000.00	4.000	\$476,000.00	\$156,000.00	\$320,000.00
					<u>Reference</u>	<u>D</u>	<u>D-20</u>	<u>D</u>

BOROUGH OF ESSEX FELS  
WATER UTILITY

BOND ANTICIPATION NOTES

D-23

<u>Description</u>	<u>Ordinance Number</u>	<u>Original</u>		<u>Date of</u>		<u>Rate of Interest</u>	<u>Balance Dec. 31, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2022</u>
		<u>Date of Issue</u>	<u>Amount</u>	<u>Issue</u>	<u>Maturity</u>					
Various Improvements to the Water Utility System	2014 - 956	12-30-15	\$251,750.00	12/12/21 12/09/22	12/12/22 09/08/23	0.42% 4.50	\$ 58,375.00	\$ 58,375.00	\$ 58,375.00	\$ 58,375.00
Various Improvements to the Water Utility System	2015 - 964	12-30-15	200,000.00	12/12/21 12/09/22	12/12/22 09/08/23	0.42 4.50	50,000.00	50,000.00	50,000.00	50,000.00
Various Improvements to the Water Utility System	2015 - 964	12-21-16	525,000.00	12/12/21 12/09/22	12/12/22 09/08/23	0.42 4.50	423,375.00	423,375.00	423,375.00	423,375.00
Various Improvements to the Water Utility System	2019 - 1011	12-14-20	399,250.00	12/12/21 12/09/22	12/12/22 09/08/23	0.42 4.50	399,250.00	399,250.00	399,250.00	399,250.00
Various Improvements to the Water Utility System	2019 - 1011	2021	530,500.00	12/12/21 12/09/22	12/12/22 09/08/23	0.42 4.50	530,500.00	530,500.00	530,500.00	530,500.00
Eisenhower Parkway Improvements	2020 - 1036	12-14-20	600,000.00	12/12/21 12/09/22	12/12/22 09/08/23	0.42 4.50	600,000.00	600,000.00	600,000.00	600,000.00
						<u>Reference</u>	<u>D</u>	<u>Contra</u>	<u>D</u>	
							<u>\$2,061,500.00</u>	<u>\$2,061,500.00</u>	<u>\$2,061,500.00</u>	<u>\$2,061,500.00</u>



BOROUGH OF ESSEX FELS  
WATER UTILITY

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

D-24

<u>Improvement Description</u>	<u>Ordinance</u> <u>Number</u>	<u>Date</u>	<u>Debt</u> <u>Authorized</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>2022</u> <u>Authorizations</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Various Water Capital Improvements	995	4/17/18	\$ 300,000.00	\$300,000.00	\$	\$ 300,000.00
Various Water Capital Improvements	1011	3/18/19	930,050.00	300.00		300.00
Various Water Capital Improvements	1056	5/03/22	460,000.00		460,000.00	460,000.00
Water Treatment System Improvements	1057	5/03/22	9,000,000.00		9,000,000.00	9,000,000.00
				<u>\$300,300.00</u>	<u>\$9,460,000.00</u>	<u>\$9,760,300.00</u>
			<u>Reference</u>	<u>D</u>	<u>D-19</u>	<u>D</u>

BOROUGH OF ESSEX FELLS  
PUBLIC ASSISTANCE TRUST FUND

CASH RECEIPTS AND DISBURSEMENTS  
TREASURER

E-1

	<u>Ref.</u>	Trust Fund Account #2
Balance December 31, 2021	E	<u>\$ 6,480.28</u>
Balance December 31, 2022	E	<u><u>\$ 6,480.28</u></u>

PREPAID STATE AID

E-2

	<u>Ref.</u>	
Balance December 31, 2021	E	<u>\$2,220.00</u>
Balance December 31, 2022	E	<u><u>\$ 2,220.00</u></u>

DUE TO STATE OF NEW JERSEY

E-3

	<u>Ref.</u>	
Balance December 31, 2021	E	<u>\$ 4,260.28</u>
Balance December 31, 2022	E	<u><u>\$ 4,260.28</u></u>

**PART II**  
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**ROSTER OF OFFICIALS**  
**GENERAL COMMENTS, FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2022**

# SAMUEL KLEIN AND COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Essex Fells  
Essex Fells, New Jersey 07021

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the various funds - regulatory basis of the Borough of Essex Fells, State of New Jersey as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough of Essex Fells, State of New Jersey's basic financial statements, and have issued our report thereon dated September 8, 2023. These financial statements - regulatory basis have been prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Essex Fells, State of New Jersey'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 of Essex Fells, State of New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Essex Fells, State of New Jersey'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 not a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

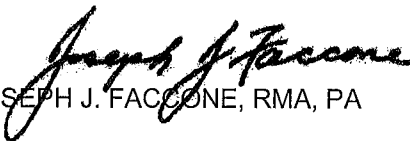
## Report on Compliance and Other Matters

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

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

  
JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
September 8, 2023

**ROSTER OF OFFICIALS FOR THE YEAR 2022  
AND REPORT ON SURETY BONDS**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Edward A. Davis	Mayor	\$
John King	Councilman	
Gregory J. Hindy	Councilman	
Michael Cecere	Councilman	
Bernard D'Avella	Councilman	
William Sullivan	Councilman	
Margaret O'Connor	Councilwoman	
Francine T. Paserchia	Administrator Assistant Borough and Water Utility Financial Officer Deputy Court Administrator Municipal Clerk Registrar of Vital Statistics	
Christopher Battaglia	Treasurer Chief Financial Officer	325,000.00
Brittany Thunell	Tax Collector	
Robert Oostdyk	Borough Attorney	
Kevin Esposito	Tax Assessor	
Steven M. Banchi	Water Superintendent	
Carl Thunell	Construction Code Official Building Subcode Official	

A Public Officials Liability Bond in the amount of \$1,000,000.00 was in force for all employees listed who are not covered by specific surety. This coverage was issued by the Municipal Excess Liability Joint Insurance Fund.

All other bonds were issued by the Selective Insurance Company of America and were found to be executed.

## **GENERAL COMMENTS AND FINDINGS**

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

N.J.S.A. 40A:11-4a 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 therefor, 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, 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."

It is pointed out that the Borough Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Borough Attorney should be sought before a commitment is made.

The statutory bidding threshold effective July 1, 2020 was \$44,000.00, in accordance with the provisions of N.J.S.A. 40A:11-3a, based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5 known as the "Pay to Play Law" provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

It is further noted that contracts between \$17,500.00 and the municipal bidding threshold, known as "window contracts", can be issued by resolution of the governing body without competitive bidding if a non-fair and open process is implemented which prohibits reportable contributions by the business entity.

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

Unleaded Gas and Diesel Fuel  
Well #9 Water Project

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The minutes indicate that proposals were solicited for "Professional Services" in accordance with N.J.S.A. 19:44A:20-5.

It is also noted that certain contracts were awarded under the provisions of N.J.S.A. 40A:11-12, New Jersey State purchasing contracts.

### **Collection of Interest on Delinquent Taxes**

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body, on January 4, 2022, adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Council of the Borough of Essex Fells that the interest rate on delinquent taxes be fixed as follows:

8% per annum up to \$1,500.00 delinquency  
18% per annum over \$1,500.00 delinquency  
6% additional penalty for a delinquency over \$10,000.00  
if not paid prior to the end of the calendar year

Any taxes not paid when due shall be called delinquent taxes ten days after due date.

Tests of the Tax Collector's records indicate that interest was collected in accordance with the provisions of the foregoing resolution.

#### **Interest on Delinquent Water Charges**

The Governing Body, on January 4, 2022, adopted the following resolution authorizing interest to be charged on delinquent water charges:

BE IT RESOLVED by the Council of the Borough of Essex Fells that the interest rate on delinquent water charges be fixed as follows:

8% per annum up to \$1,500.00 delinquency  
18% per annum over \$1,500.00 delinquency  
6% additional penalty for a delinquency over \$10,000.00  
if not paid prior to the end of the calendar year

Any water charges not paid when due shall be called delinquent water charges ten days after due date.

#### **Delinquent Taxes**

Delinquent taxes in the sum of \$342,318.55 is summarized as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 55.16
2022	<u>342,263.39</u>
	<u>\$ 342,318.55</u>

The last tax sale was held on December 7, 2022 and was complete.

#### **Capital Fixed Assets**

The Division of Local Government Services in the Department of Community Affairs of the State of New Jersey requires all municipalities in the State to establish and maintain sets of accounts and inventories reflecting costs of other valuations of all of its fixed assets, including land, buildings, improvements, machinery, furniture and equipment. Such accounts, to be included under "Capital Fixed Assets", would insure complete fiscal reliability of records, establish a basis for claims of losses and other insurance purposes, augment protective measures against the misuse or theft of property and furnish data on aging, anticipated life and other information on assets. Failure to maintain fixed asset records could jeopardize the Borough's eligibility for future Federal and State Grants.



## **Municipal Court**

Effective January 1, 1991, the Borough entered into an agreement with the Borough of North Caldwell to consolidate the operations of their respective municipal courts as per N.J.S.A. 2A:8-18. The agreement stipulates that court sessions, day-to-day operations, record keeping and administrative functions shall be conducted at the facility of the North Caldwell Municipal Court located on Gould Avenue in North Caldwell.

Costs incurred as a result of conducting and administering both municipal courts were apportioned fifty percent to the Borough of Essex Fells and fifty percent to the Borough of North Caldwell. The agreement further stipulates that all revenues from fines and costs are to be distributed entirely to the municipality where the violation occurred.

## **Third Party Payroll Service Provider**

The Borough of Essex Fells has contracted with a third party payroll vendor to prepare the payroll and maintain certain payroll records. The vendor is required to pay deductions on behalf of the Borough from funds transferred by the Borough to the vendor's payroll account.

An audit of the service provider's payroll account was not provided to the Borough nor did our staff prepare such an audit. We did review certain records provided to the Borough. It should be noted, however, that we could not verify required payments of Federal and State agencies made by the service vendor.

The Local Finance Board has adopted rules and regulations regarding third party payroll vendors which are summarized in N.J.A.C. 5:30-17 and further provides authority for local governments to hire payroll service vendors to disburse funds to payroll agencies on behalf of the local unit.

In addition, Local Finance Notice 2009-18 has offered additional safeguards with respect to third party payroll services.

## **Corrective Action Plan**

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services, a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received. A plan was not required for 2021 because there were no recommendations.

## **Miscellaneous**

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

The Uniform Construction Code Enforcement Fee Report has been prepared and filed with the New Jersey Department of Community Affairs.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

Individual payments of the Local School District Tax by the Borough were confirmed as received by the Secretary of the Board of Education for the year 2022.

One copy of this report was filed with the New Jersey Division of Local Government Services in the Department of Community Affairs.

A summary or synopsis of this report was prepared for publication and filed with the Borough Clerk.

## RECOMMENDATIONS

NONE

\* \* \*

The foregoing comments are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Borough officials and employees during the course of the examination.

Respectfully submitted,

A handwritten signature in cursive script that reads "Samuel Klein and Company LLP".

SAMUEL KLEIN AND COMPANY, LLP  
CERTIFIED PUBLIC ACCOUNTANTS

A handwritten signature in cursive script that reads "Joseph J. Faccone".

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
September 8, 2023

