

BOROUGH OF FLORHAM PARK

COUNTY OF MORRIS

REPORT OF AUDIT

2020

NISIVOCIA LLP
CERTIFIED PUBLIC ACCOUNTANTS

BOROUGH OF FLORHAM PARK

COUNTY OF MORRIS

REPORT OF AUDIT

2020

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BOROUGH OF FLORHAM PARK

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the financial statements – *regulatory basis* - of the various funds of the Borough of Florham Park, in the County of Morris (the "Borough") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Borough's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable Mayor and Members
of the Borough Council
Borough of Florham Park
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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

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

The Honorable Mayor and Members
of the Borough Council
Borough of Florham Park
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

June 25, 2021
Mount Arlington, New Jersey

NISIVOCCIA LLP

Raymond A. Sarinelli
Raymond A. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 563

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
CURRENT FUND

BOROUGH OF FLORHAM PARK
CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 11,281,910.05	\$ 10,461,950.24
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions		<u>8,324.74</u>	<u>7,824.74</u>
		<u>11,290,234.79</u>	<u>10,469,774.98</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	347,623.36	290,874.19
Tax Title Liens Receivable	A-8	32,438.13	28,621.33
Due from Federal and State Grant Fund	A	27.87	93.07
Due from Other Trust Funds	B	901.79	
Due from General Capital Fund	C	331.82	2,068.89
Due from Animal Control Trust Fund	B	632.74	4,208.05
Due from Payroll Account		3,403.49	
Revenue Accounts Receivable	A-9	<u>19,903.84</u>	<u>16,959.96</u>
Total Receivables and Other Assets with Full Reserves		<u>405,263.04</u>	<u>342,825.49</u>
Total Regular Fund		<u>11,695,497.83</u>	<u>10,812,600.47</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	<u>91,875.30</u>	<u>107,479.69</u>
Total Federal and State Grant Fund		<u>91,875.30</u>	<u>107,479.69</u>
TOTAL ASSETS		<u>\$ 11,787,373.13</u>	<u>\$ 10,920,080.16</u>

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

	Ref.	December 31,	
		2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 792,794.65	\$ 384,419.75
Unencumbered	A-3;A-11	633,275.74	321,172.41
		<u>1,426,070.39</u>	<u>705,592.16</u>
Accounts Payable - Vendors			146,855.00
Due to Other Trust Funds	B		66,082.64
Due to Sewer Utility Operating Fund	E	4,086.95	
Due from Water Utility Operating Fund	D	1,497.62	
Due State of New Jersey:			
Marriage License Fees		225.00	400.00
State Training Fees		12,367.00	25,523.00
County PILOTS Payable		35,334.12	12,100.83
County Added and Omitted Taxes Payable		100,759.80	63,199.15
Prepaid Taxes		304,963.18	332,668.59
Prepaid UCC Permits		400,000.00	600,000.00
Tax Overpayments		94,210.51	53,396.67
Due to Flexible Spending Account		2,000.00	
Reserve for:			
Pending Tax Appeals		5,394,214.89	5,233,563.92
Contingencies		25,000.00	25,000.00
		<u>7,800,729.46</u>	<u>7,264,381.96</u>
Reserve for Receivables and Other Assets	A	405,263.04	342,825.49
Fund Balance	A-1	3,489,505.33	3,205,393.02
		<u>11,695,497.83</u>	<u>10,812,600.47</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves:			
Unencumbered	A-14	91,217.44	53,287.52
Unappropriated Reserves	A-15	629.99	54,099.10
Due to Current Fund	A	27.87	93.07
		<u>91,875.30</u>	<u>107,479.69</u>
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 11,787,373.13</u>	<u>\$ 10,920,080.16</u>

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

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

	Ref.	Year Ended December 31,	
		2020	2019
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,664,000.00	\$ 2,149,000.00
Miscellaneous Revenue Anticipated		4,483,956.91	4,710,975.27
Receipts from:			
Delinquent Taxes		290,782.34	801,359.29
Current Taxes		55,085,829.57	53,069,889.05
Nonbudget Revenue		398,772.90	382,979.69
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		208,145.95	465,173.32
Cancellations:			
Reserve for Insurance			16,713.03
Accounts Payable Cancelled			155,566.06
Interfunds Returned		6,370.01	38,961.35
Total Income		63,137,857.68	61,790,617.06
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		20,273,418.21	19,562,211.68
County Taxes		9,536,536.85	9,434,731.22
Local School District Taxes		20,208,133.00	19,529,589.00
Regional High School Taxes		10,166,286.00	9,508,730.00
Prior Year Senior Citizens' Deductions Disallowed		73.60	
Reserve for Pending Tax Appeals			1,500,000.00
Interfunds Advanced		5,297.71	6,370.01
Total Expenditures		60,189,745.37	59,541,631.91
Excess in Revenue		2,948,112.31	2,248,985.15
<u>Fund Balance</u>			
Balance January 1		3,205,393.02	3,105,407.87
Decreased by:		6,153,505.33	5,354,393.02
Utilized as Anticipated Revenue		2,664,000.00	2,149,000.00
Balance December 31	A	<u>\$ 3,489,505.33</u>	<u>\$ 3,205,393.02</u>

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

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

	Budget	Added by NJS A 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 2,664,000.00		\$ 2,664,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	8,000.00		18,314.00	\$ 10,314.00
Other	35,000.00		46,890.00	11,890.00
Fees and Permits - Other	50,000.00		147,630.00	97,630.00
Fines and Costs - Municipal Court	75,000.00		96,659.40	21,659.40
Interest and Costs on Taxes	25,000.00		84,992.91	59,992.91
Interest on Investments and Deposits	200,000.00		204,440.29	4,440.29
Payments in Lieu of Taxes	457,000.00		441,432.70	15,567.30 *
Park Avenue Club	50,000.00		50,000.00	
Energy Receipts Tax	1,028,158.00		1,028,157.99	0.01 *
Uniform Construction Code Fees	960,000.00		1,409,180.00	449,180.00
Recycling Tonnage Grant	50,635.45		50,635.45	
Clean Communities Program		21,265.84	21,265.84	
Body Armor Replacement Fund	3,185.90		3,185.90	
Alcohol Education and Rehabilitation Fund		4,000.99	4,000.99	
Body Worn Camera Assistance Grant	3,463.65		3,463.65	
Bullet Proof Vest Partnership Grant		1,828.41	1,828.41	
EMAA Grant		10,000.00	10,000.00	
Uniform Fire Safety Act	100,000.00		159,974.50	59,974.50
Hotel Occupancy Tax	300,000.00		261,261.36	38,738.64 *
Sewer Utility Operating Surplus	310,000.00		310,000.00	
Outside Detail - Administrative Fees	20,000.00		20,000.00	
School Resource Officer Revenue	150,000.00		110,643.52	39,356.48 *
	<u>3,825,443.00</u>	<u>37,095.24</u>	<u>4,483,956.91</u>	<u>621,418.67</u>
Receipt from Delinquent Taxes	237,300.00		290,782.34	53,482.34
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	13,852,226.57		15,517,520.32	1,665,293.75
Minimum Library Tax	1,182,089.00		1,182,089.00	
Total Amount to be Raised	<u>15,034,315.57</u>		<u>16,699,609.32</u>	<u>1,665,293.75</u>
Budget Totals	21,761,058.57	37,095.24	24,138,348.57	\$ 2,340,194.76
Nonbudget Revenue			398,772.90	
	<u>\$ 21,761,058.57</u>	<u>\$ 37,095.24</u>	<u>\$ 24,537,121.47</u>	

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

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 55,085,829.57
Allocated to County, Local School District, Regional High School and Local Open Space Taxes	<u>39,910,955.85</u>
Balance for Support of Municipal Budget	15,174,873.72
 Add: Appropriation "Reserve for Uncollected Taxes"	 <u>1,524,735.60</u>
 Realized for Support of Municipal Budget	 <u><u>\$ 16,699,609.32</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 290,782.34
 Realized for Support of Municipal Budget	 <u><u>\$ 290,782.34</u></u>

Analysis of Interest on Investments Collected:

Collected in Current Fund	\$ 200,125.32
Due from:	
Federal and State Grant Fund	27.87
Other Trust Fund	551.79
General Capital Fund	331.82
Payroll	<u>3,403.49</u>
	<u><u>\$ 204,440.29</u></u>

Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:

Treasurer:	
Copies	\$ 8.97
Cablevision Franchise Fees	190,381.51
Bid Specifications	320.00
State of New Jersey:	
Motor Vehicle Inspections	1,855.00
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	1,313.53
Marriage Fees	138.00
FEMA Reimbursement	153,693.73
Other Miscellaneous Revenue	<u>50,429.42</u>
	398,140.16
 Statutory Excess in Animal Control Trust Fund	 <u>632.74</u>
	<u><u>\$ 398,772.90</u></u>

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

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT:				
General Administration:				
Salaries and Wages	\$ 157,890.00	\$ 163,390.00	\$ 163,037.02	\$ 352.98
Other Expenses	26,500.00	16,500.00	10,968.87	5,531.13
Mayor and Council:				
Other Expenses	27,000.00	22,000.00	13,055.04	8,944.96
Municipal Clerk:				
Salaries and Wages	189,420.00	189,420.00	189,142.66	277.34
Other Expenses	67,350.00	67,350.00	47,894.37	19,455.63
Financial Administration:				
Salaries and Wages	84,895.00	84,895.00	84,604.43	290.57
Other Expenses	40,710.00	40,710.00	29,451.03	11,258.97
Annual Audit	22,450.00	22,450.00	22,450.00	
Revenue Administration (Tax Collection):				
Salaries and Wages	24,100.00	24,100.00	21,596.71	2,503.29
Other Expenses	8,580.00	8,580.00	8,421.00	159.00
Tax Assessment Administration:				
Salaries and Wages	71,190.00	71,190.00	71,189.33	0.67
Other Expenses	85,880.00	50,880.00	41,483.60	9,396.40
Legal Services and Costs:				
Other Expenses	163,500.00	163,500.00	110,928.16	52,571.84
Engineering Services and Costs:				
Salaries and Wages	38,425.00	38,425.00	37,939.96	485.04
Other Expenses	82,350.00	87,350.00	82,563.72	4,786.28
Historic Commission:				
Other Expenses	5,500.00	5,500.00	5,470.24	29.76

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
GENERAL GOVERNMENT (Cont'd):				
Planning Board:				
Salaries and Wages	\$ 24,845.00	\$ 24,845.00	\$ 24,557.61	\$ 287.39
Other Expenses	72,840.00	32,840.00	3,755.38	29,084.62
Board of Adjustment:				
Salaries and Wages	11,075.00	11,075.00	10,792.00	283.00
Other Expenses	21,360.00	14,360.00	8,616.56	5,743.44
Municipal Court:				
Salaries and Wages	114,725.00	114,725.00	112,930.33	1,794.67
Other Expenses	11,500.00	11,500.00	3,009.60	8,490.40
Public Defender:				
Salaries and Wages	7,500.00	7,500.00	7,500.00	
PUBLIC SAFETY:				
Police:				
Salaries and Wages	4,384,830.00	4,298,430.00	4,247,911.29	50,518.71
Other Expenses	355,200.00	355,200.00	272,529.83	82,670.17
Police Vehicles:				
Other Expenses	99,928.00	99,928.00	90,130.89	9,797.11
Municipal Prosecutor:				
Salaries and Wages	25,000.00	25,000.00	25,000.00	
Emergency Management Services:				
Other Expenses	15,000.00	61,400.00	61,400.00	
Fire:				
Salaries and Wages	28,420.00	28,420.00	28,408.99	11.01
Other Expenses	138,900.00	138,900.00	122,915.15	15,984.85
First Aid Organization Contribution:				
Other Expenses	25,000.00	15,000.00	15,000.00	

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC SAFETY (Cont'd):				
Fire Safety:				
Salaries and Wages	\$ 137,225.00	\$ 137,225.00	\$ 136,002.30	\$ 1,222.70
Other Expenses	16,220.00	16,220.00	7,521.47	8,698.53
Contribution to Volunteer Fire Department:				
Other Expenses	30,000.00	30,000.00	30,000.00	
PUBLIC WORKS:				
Road Repairs and Maintenance:				
Salaries and Wages	699,905.00	679,905.00	659,820.29	20,084.71
Other Expenses	264,250.00	259,250.00	259,188.15	61.85
DPW and Other Public Works:				
Salaries and Wages	118,455.00	118,455.00	118,448.67	6.33
DPW Solid Waste Collection:				
Other Expenses	97,365.00	97,365.00	97,365.00	
DPW Buildings and Grounds:				
Salaries and Wages	759,620.00	734,620.00	687,448.44	47,171.56
Other Expenses	201,924.00	221,924.00	218,346.97	3,577.03
DPW Vehicle Maintenance:				
Salaries and Wages	185,695.00	170,695.00	164,407.37	6,287.63
Other Expenses	91,150.00	91,150.00	90,661.80	488.20
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	65,570.00	65,570.00	65,563.08	6.92
Other Expenses	153,498.00	153,498.00	152,488.98	1,009.02
Environmental Commission:				
Other Expenses	26,000.00	26,000.00	15,612.80	10,387.20

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

	<u>Appropriation</u>		<u>Expended By</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
HEALTH AND HUMAN SERVICES (Cont'd):				
Social Services:				
Other Expenses	\$ 16,150.00	\$ 16,150.00	\$ 16,150.00	
RECREATION AND EDUCATION:				
Recreation:				
Salaries and Wages	129,475.00	129,475.00	128,117.36	\$ 1,357.64
Other Expenses	82,125.00	82,125.00	34,808.62	47,316.38
Public Events:				
Other Expenses	5,500.00	5,500.00		5,500.00
Condo Services:				
Other Expenses	55,000.00	55,000.00	42,223.88	12,776.12
INSURANCES:				
Workers' Compensation Insurance	202,024.00	202,024.00	196,967.08	5,056.92
Liability Insurance	156,973.00	156,973.00	156,973.00	
Group Insurance for Employees	2,317,840.00	2,317,840.00	2,311,965.42	5,874.58
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	537,010.00	497,010.00	485,434.33	11,575.67
Other Expenses	268,100.00	595,100.00	588,614.76	6,485.24
UTILITIES:				
Bulk Utilities	742,500.00	742,500.00	695,754.18	46,745.82
Total Operations Within "CAPS"	<u>13,791,437.00</u>	<u>13,896,937.00</u>	<u>13,334,537.72</u>	<u>562,399.28</u>
Contingent	10,000.00	10,000.00		10,000.00
Total Operations including Contingent within "CAPS"	<u>13,801,437.00</u>	<u>13,906,937.00</u>	<u>13,334,537.72</u>	<u>572,399.28</u>

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

	Appropriation		Budget After Modification	Expended By		
	Budget			Paid or Charged	Reserved	
Detail:	\$	7,795,270.00	\$	7,469,852.17	\$	144,517.83
Salaries and Wages		6,006,167.00		5,864,685.55		427,881.45
Other Expenses						
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":						
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		319,722.00		317,146.35		2,575.65
Social Security System (O.A.S.I.)		433,675.00		327,489.57		685.43
Police and Firemen's Retirement System of NJ		1,092,852.00		1,092,852.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"		1,846,249.00		1,737,487.92		3,261.08
Total General Appropriations for Municipal Purposes Within "CAPS"		15,647,686.00		15,072,025.64		575,660.36
Operations Excluded from "CAPS":						
Maintenance of Free Public Library		1,182,091.00		1,159,475.62		22,615.38
LOSAP - Other Expenses		35,000.00				35,000.00
Reserve for Tax Appeals		160,650.97		160,650.97		
Public and Private Programs Offset by Revenue:						
Recycling Tonnage Grant		50,635.45		50,635.45		
Alcohol Education, Rehabilitation and Enforcement Fund (NJSA 40A:4-87 \$4,000.99)						
Body Armor Replacement Fund		3,185.90		3,185.90		
Clean Communities Grant (NJSA40A:4-87 \$21,265.84)				21,265.84		
Body Worn Camera Assistance Grant		3,463.65		3,463.65		
EMPG Grant (NJSA40A:4-87 \$10,000.00)				10,000.00		
Bullet Proof Vest Grant (NJSA 40A:4-87 \$1,828.41)				1,828.41		
Total Operations Excluded from "CAPS"		1,435,026.97		1,472,122.21		57,615.38

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Detail:				
Other Expenses	\$ 1,435,026.97	\$ 1,472,122.21	\$ 1,414,506.83	\$ 57,615.38
Capital Improvements - Excluded from "CAPS":				
Capital Improvement Fund	1,915,200.00	1,915,200.00	1,915,200.00	
Total Capital Improvements - Excluded from "CAPS"	1,915,200.00	1,915,200.00	1,915,200.00	
Municipal Debt Service - Excluded from "CAPS":				
Payment of Bond Principal	920,000.00	920,000.00	920,000.00	
Interest on Bonds	318,410.00	318,410.00	318,410.00	
Total Municipal Debt Service - Excluded from "CAPS"	1,238,410.00	1,238,410.00	1,238,410.00	

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Total General Appropriations - Excluded from "CAPS"	\$ 4,588,636.97	\$ 4,625,732.21	\$ 4,568,116.83	\$ 57,615.38
Subtotal General Appropriations	20,236,322.97	20,273,418.21	19,640,142.47	633,275.74
Reserve for Uncollected Taxes	1,524,735.60	1,524,735.60	1,524,735.60	
Total General Appropriations	\$ 21,761,058.57	\$ 21,798,153.81	\$ 21,164,878.07	\$ 633,275.74

Ref

A

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

		Analysis of	
	Ref.	Budget After Modification	Paid or Charged
Adopted Budget		\$ 21,761,058.57	
Added by NJSA 40A:4-87		37,095.24	
		\$ 21,798,153.81	
Reserve for Uncollected Taxes			\$ 1,524,735.60
Reserve for Encumbrances	A		792,794.65
Due Federal and State Grant Fund			94,380.24
Reserve for Pending Tax Appeals			160,650.97
Cash Disbursed			19,181,060.14
			21,753,621.60
Less: Appropriation Refunds Received			588,743.53
			\$ 21,164,878.07

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

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
TRUST FUNDS

BOROUGH OF FLORHAM PARK
TRUST FUNDS
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 48,445.90	\$ 47,451.65
		<u>48,445.90</u>	<u>47,451.65</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-4	7,499,716.32	7,352,353.47
Due from Current Fund	A		66,082.64
		<u>7,499,716.32</u>	<u>7,418,436.11</u>
TOTAL ASSETS		<u>\$ 7,548,162.22</u>	<u>\$ 7,465,887.76</u>
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 632.74	\$ 4,208.05
Reserve for Animal Control Expenditures	B-6	42,912.36	38,019.40
Prepaid Dog Licenses	B-6	4,900.80	5,224.20
		<u>48,445.90</u>	<u>47,451.65</u>
Other Trust Funds:			
Due Current Fund	A	901.79	
Reserve for:			
Escrow Deposits		1,025,380.43	1,097,313.94
Unemployment Insurance Fund		450,692.75	434,636.81
Police Forfeited Assets		14,177.07	11,975.32
Housing Trust		3,228,434.47	3,085,565.21
Tax Sale Premiums		124,000.00	293,000.00
Recycling		36,303.52	108,085.37
Fire Penalties		46,977.00	46,477.00
Accumulated Absences		1,002,546.71	919,352.73
Storm Recovery		483,199.67	528,564.86
Parking Offenses Adjudication Act		1,114.10	1,090.10
Recreation		289,354.65	549,747.88
Self Insurance		590,424.22	130,000.00
Insurance Deductible		70,000.00	70,000.00
Police Donations		3,801.85	7,941.50
Public Defender		3,046.08	2,221.08
Off Duty Police Officer		129,304.26	121,101.76
Various Miscellaneous Trust Funds		57.75	11,362.55
		<u>7,499,716.32</u>	<u>7,418,436.11</u>
TOTAL LIABILITIES AND RESERVES		<u>\$ 7,548,162.22</u>	<u>\$ 7,465,887.76</u>

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

BOROUGH OF FLORHAM PARK
ASSESSMENT TRUST FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

BOROUGH OF FLORHAM PARK
ASSESSMENT TRUST FUND
STATEMENT OF REVENUE - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
GENERAL CAPITAL FUND

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 1,459,273.71	\$ 1,466,661.30
Grants Receivable:			
New Jersey Department of Transportation		587,000.00	237,000.00
County of Morris Open Space Trust Fund		37,578.00	37,578.00
Deferred Charges to Future Taxation:			
Funded		<u>7,317,000.00</u>	<u>8,237,000.00</u>
TOTAL ASSETS		<u>\$ 9,400,851.71</u>	<u>\$ 9,978,239.30</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	7,317,000.00	8,237,000.00
Improvement Authorizations:			
Funded	C-5	876,646.71	1,498,697.23
Due to Current Fund	A	331.82	2,068.89
Capital Improvement Fund	C-6	1,158,987.70	197,587.70
Reserve for:			
Gun Club		40,000.00	35,000.00
Fund Balance	C-1	<u>7,885.48</u>	<u>7,885.48</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 9,400,851.71</u>	<u>\$ 9,978,239.30</u>

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

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2019	C	<u>\$ 7,885.48</u>
Balance December 31, 2020	C	<u><u>\$ 7,885.48</u></u>

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

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
WATER UTILITY FUND

BOROUGH OF FLORHAM PARK
WATER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
<u>ASSETS</u>	<u>Ref.</u>	2020	2019
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 731,360.36	\$ 778,472.21
Due from Sewer Operating Fund	E	554.00	
Due from Water Utility Capital Fund	D	223.35	2,750.90
Due from Current Fund	A	1,497.62	
		733,635.33	781,223.11
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	89,448.33	44,444.57
Total Receivables with Full Reserves		89,448.33	44,444.57
Total Operating Fund		823,083.66	825,667.68
Capital Fund:			
Cash and Cash Equivalents	D-4	1,046,036.62	1,159,850.29
Fixed Capital	D-7	5,791,305.00	5,791,305.00
Fixed Capital Authorized and Uncompleted	D-8	9,983,000.00	9,879,000.00
Total Capital Fund		16,820,341.62	16,830,155.29
TOTAL ASSETS		\$ 17,643,425.28	\$ 17,655,822.97

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

		December 31,	
	Ref.	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 70,704.63	\$ 11,529.77
Encumbered	D-3;D-9	75,466.02	130,786.74
		146,170.65	142,316.51
Water Rent Overpayments		7,427.71	6,707.65
Accrued Interest on Notes		3,062.50	3,916.67
Accounts Payable		96.00	
		156,756.86	152,940.83
Reserve for Receivables	D	89,448.33	44,444.57
Fund Balance	D-1	576,878.47	628,282.28
		823,083.66	825,667.68
Capital Fund:			
Bond Anticipation Notes	D-14	1,500,000.00	1,500,000.00
Improvement Authorizations:			
Funded	D-10	154,000.00	50,000.00
Unfunded	D-10	8,369,586.04	8,699,849.26
Due to Water Utility Operating Fund	D	223.35	2,750.90
Capital Improvement Fund	D-11	185,675.73	185,675.73
Reserve for Connection Fees		36,506.10	
Reserve for Payment of Debt Service		5,367.03	5,367.03
Reserve for Amortization	D-12	5,820,705.00	5,820,705.00
Deferred Reserve for Amortization	D-13	453,470.00	285,000.00
Fund Balance	D-1A	294,808.37	280,807.37
		16,820,341.62	16,830,155.29
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 17,643,425.28	\$ 17,655,822.97

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

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

	Ref.	Year Ended December 31,	
		2020	2019
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 400,000.00	\$ 400,000.00
Water Rents		1,261,367.50	921,681.19
Miscellaneous Revenue Anticipated		482,929.08	483,491.94
Miscellaneous Revenue Not Anticipated		7,982.24	27,304.78
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,454.96	74,737.90
		<u>2,153,733.78</u>	<u>1,907,215.81</u>
<u>Expenditures</u>			
Budget Appropriations:			
Operating		1,474,085.00	1,439,915.02
Capital Improvements		104,000.00	98,928.73
Debt Service		29,145.83	32,021.04
Deferred Charges and Statutory Expenditures		196,855.00	134,075.00
Refund of Prior Year Revenue		1,051.76	
		<u>1,805,137.59</u>	<u>1,704,939.79</u>
Excess in Revenues/Statutory Excess to Fund Balance		348,596.19	202,276.02
<u>Fund Balance</u>			
Balance January 1		628,282.28	826,006.26
		<u>976,878.47</u>	<u>1,028,282.28</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Water Utility Operating Budget		400,000.00	400,000.00
		<u>400,000.00</u>	<u>400,000.00</u>
Balance December 31	D	<u>\$ 576,878.47</u>	<u>\$ 628,282.28</u>

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

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 280,807.37
Increased by:		
Premium on Bond Anticipation Notes		<u>14,001.00</u>
Balance December 31, 2020	D	<u><u>\$ 294,808.37</u></u>

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

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

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 400,000.00	\$ 400,000.00	
Water Rents	1,004,940.00	1,261,367.50	\$ 256,427.50
Miscellaneous Revenue	400,000.00	482,929.08	82,929.08
	<u>1,804,940.00</u>	<u>2,144,296.58</u>	<u>339,356.58</u>
Miscellaneous Revenue Not Anticipated		7,982.24	7,982.24
	<u>\$ 1,804,940.00</u>	<u>\$ 2,152,278.82</u>	<u>\$ 347,338.82</u>

Analysis of Water Rents

Collections	\$ 1,260,389.90	
Overpayments Applied	<u>977.60</u>	
		<u>\$ 1,261,367.50</u>

Analysis of Miscellaneous Revenue

Collector:		
Miscellaneous Fees		<u>\$ 482,929.08</u>

Analysis of Miscellaneous Revenue Not Anticipated

Treasurer:		
Interest on Investments	\$ 2,750.45	
Interest on Investments - Water Utility Capital Fund	<u>5,231.79</u>	
		<u>\$ 7,982.24</u>

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

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 682,115.00	\$ 682,115.00	\$ 658,049.47	\$ 24,065.53	
Other Expenses	791,970.00	791,970.00	745,330.90	46,639.10	
Capital Improvements:					
Capital Improvement Fund	104,000.00	104,000.00	104,000.00		
Debt Service:					
Interest on Notes	30,000.00	30,000.00	29,145.83		\$ 854.17
Deferred Charges and Statutory Expenditures:					
Deferred Charges to Future Taxation- Ordinance #13-6	64,470.00	64,470.00	64,470.00		
Statutory Expenditures:					
Public Employees' Retirement System	80,135.00	80,135.00	80,135.00		
Contribution to Social Security System (O.A.S.I.)	52,250.00	52,250.00	52,250.00		
	\$ 1,804,940.00	\$ 1,804,940.00	\$ 1,733,381.20	\$ 70,704.63	\$ 854.17

Ref.

D

Cash Disbursed	\$ 1,628,989.61
Accrued Interest on Notes	29,145.83
Encumbrances	75,466.02
Less:	1,733,601.46
Refunds	220.26
	\$ 1,733,381.20

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
SEWER UTILITY FUND

BOROUGH OF FLORHAM PARK
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer		\$ 5,574,844.81	\$ 2,071,978.94
Investments			4,000,000.00
	E-4	<u>5,574,844.81</u>	<u>6,071,978.94</u>
Due from Sewer Utility Capital Fund	E	1,459.97	9,894.21
Due from Current Fund	A	4,086.95	
		<u>5,580,391.73</u>	<u>6,081,873.15</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-6	162,455.67	114,465.89
Total Receivables with Full Reserves		<u>162,455.67</u>	<u>114,465.89</u>
Total Operating Fund		<u>5,742,847.40</u>	<u>6,196,339.04</u>
Trust Fund:			
Cash and Cash Equivalents	E-4	49,409.30	49,323.11
Total Trust Fund		<u>49,409.30</u>	<u>49,323.11</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	6,945,031.28	6,093,755.57
Fixed Capital	E-7	17,048,837.00	17,048,837.00
Fixed Capital Authorized and Uncompleted	E-8	4,320,000.00	4,320,000.00
Total Capital Fund		<u>28,313,868.28</u>	<u>27,462,592.57</u>
TOTAL ASSETS		<u><u>\$ 34,106,124.98</u></u>	<u><u>\$ 33,708,254.72</u></u>

BOROUGH OF FLORHAM PARK
SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	December 31,	
		2020	2019
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 143,426.45	\$ 117,415.22
Encumbered	E-3;E-9	248,652.19	180,822.98
		392,078.64	298,238.20
Contracts Payable		19,600.00	85.00
Due to Water Utility Operating Fund	D	554.00	
Sewer Rent Overpayments		1,557.14	11,200.55
Sewer Rent Prepayments		545,503.98	617,692.40
Accrued Interest on Notes		2,799.32	3,068.06
Accrued Interest on Loans		8,052.56	10,343.75
		970,145.64	940,627.96
Reserve for Receivables	E	162,455.67	114,465.89
Fund Balance	E-1	4,610,246.09	5,141,245.19
Total Operating Fund		5,742,847.40	6,196,339.04
Trust Fund:			
Escrow Deposits Payable	E-4	49,409.30	49,323.11
Total Trust Fund		49,409.30	49,323.11
Capital Fund:			
Bond Anticipation Notes	E-14	1,121,000.00	1,175,000.00
New Jersey Environmental Infrastructure Loan Payable	E-16	830,926.78	986,675.79
Improvement Authorizations:			
Funded	E-10	1,857,815.79	1,965,383.93
Unfunded	E-10	1,121,000.00	1,175,000.00
Due Sewer Utility Operating Fund	E	1,459.97	9,894.21
Reserve for Sewer Extensions		2,770,350.73	2,409,536.05
Reserve for Sewer Connections		503,533.35	503,533.35
Capital Improvement Fund	E-11	650,000.00	
Reserve for Amortization	E-12	16,217,908.98	16,062,159.97
Deferred Reserve for Amortization	E-13	3,199,000.00	3,145,000.00
Fund Balance	E-1A	40,872.68	30,409.27
Total Capital Fund		28,313,868.28	27,462,592.57
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 34,106,124.98	\$ 33,708,254.72

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

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

	Ref.	Year Ended December 31,	
		2020	2019
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 849,500.00	\$ 225,500.00
Sewer User Charges		3,851,900.80	4,096,506.50
Miscellaneous Revenue Anticipated		237,560.33	204,339.70
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		8,894.83	328,546.84
Cancelled Accounts Payable		85.00	14,500.00
		<u>4,947,940.96</u>	<u>4,869,393.04</u>
Total Income			
<u>Expenditures</u>			
Budget Appropriations:			
Operating		3,153,540.00	2,769,507.00
Capital Improvements		650,000.00	500,000.00
Debt Service		255,465.06	204,697.37
Deferred Charges and Statutory Expenditures		260,435.00	212,080.00
		<u>4,319,440.06</u>	<u>3,686,284.37</u>
Total Expenditures			
Excess in Revenues/Statutory Excess to Fund Balance		628,500.90	1,183,108.67
<u>Fund Balance</u>			
Balance January 1		5,141,245.19	4,568,636.52
		<u>5,769,746.09</u>	<u>5,751,745.19</u>
Decreased by:			
Utilized as Anticipated Revenue:			
Sewer Utility Operating Budget		849,500.00	225,500.00
Current Fund Budget		310,000.00	385,000.00
		<u>4,610,246.09</u>	<u>5,141,245.19</u>
Balance December 31	E	<u>\$ 4,610,246.09</u>	<u>\$ 5,141,245.19</u>

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

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 30,409.27
Increased by:		
Bond Anticipation Note Premium		<u>10,463.41</u>
Balance December 31, 2020	E	<u>\$ 40,872.68</u>

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

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 849,500.00	\$ 849,500.00	
Sewer User Charges	3,422,500.00	3,851,900.80	\$ 429,400.80
Miscellaneous Revenue	50,000.00	237,560.33	187,560.33
	<u>\$ 4,322,000.00</u>	<u>\$ 4,938,961.13</u>	<u>\$ 616,961.13</u>

Analysis of Sewer User Charges

Collections	\$ 3,224,564.99	
Prepayments Applied	617,692.40	
Overpayments Applied	<u>9,643.41</u>	
		<u>\$ 3,851,900.80</u>

Analysis of Miscellaneous Revenue

Collector/Treasurer:		
Miscellaneous Sewer Fees		\$ 163,496.96
Treasurer:		
Interest on Investments and Deposits:		
Due from Sewer Utility Capital Fund		44,032.88
Collected/Received by Treasurer		<u>30,030.49</u>
		<u>\$ 237,560.33</u>

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

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 1,308,795.00	\$ 1,308,795.00	\$ 1,240,897.04	\$ 67,897.96	
Other Expenses	1,844,745.00	1,844,745.00	1,769,216.51	75,528.49	
Capital Improvements:					
Capital Improvement Fund	650,000.00	650,000.00	650,000.00		
Debt Service:					
Payment of Note Principal	209,700.00	209,700.00	209,700.00		
Interest on Note	48,325.00	48,325.00	45,765.06		\$ 2,559.94
Statutory Expenditures:					
Public Employees' Retirement System	160,310.00	160,310.00	160,310.00		
Contribution to Social Security System (O.A.S.I.)	100,125.00	100,125.00	100,125.00		
	<u>\$ 4,322,000.00</u>	<u>\$ 4,322,000.00</u>	<u>\$ 4,176,013.61</u>	<u>\$ 143,426.45</u>	<u>\$ 2,559.94</u>
				E	
Cash Disbursed			\$ 3,881,596.36		
Accrued Interest on Loans			22,533.81		
Accrued Interest on Notes			23,231.25		
Encumbrances Payable			248,652.19		
			<u>\$ 4,176,013.61</u>		

Ref.

E

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
POOL UTILITY FUND

BOROUGH OF FLORHAM PARK
POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2020	2019
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	F-4	\$ 165,555.92	\$ 211,155.83
Change Fund		50.00	50.00
		<u>165,605.92</u>	<u>211,205.83</u>
Due from Pool Capital Fund	F	46.31	295.61
Deferred Charges:			
Operating Deficit		17,000.58	
		<u>17,000.58</u>	
Total Operating Fund		<u>182,652.81</u>	<u>211,501.44</u>
Capital Fund:			
Cash and Cash Equivalents	F-4	215,097.23	215,346.53
Fixed Capital	F-7	1,360,687.45	1,360,687.45
		<u>1,360,687.45</u>	<u>1,360,687.45</u>
Total Capital Fund		<u>1,575,784.68</u>	<u>1,576,033.98</u>
TOTAL ASSETS		<u><u>\$ 1,758,437.49</u></u>	<u><u>\$ 1,787,535.42</u></u>

BOROUGH OF FLORHAM PARK
POOL UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
(Continued)

		December 31,	
	Ref.	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	F-3;F-9	\$ 21,651.12	\$ 1,548.75
Encumbered	F-3;F-9	1,049.00	
		22,700.12	1,548.75
 Fund Balance	 F-1	 159,952.69	 209,952.69
 Total Operating Fund		 182,652.81	 211,501.44
Capital Fund:			
Due to Pool Utility Operating Fund	F	46.31	295.61
Capital Improvement Fund	F-11	156,961.00	156,961.00
Reserve for Amortization	F-12	1,352,470.00	1,352,470.00
Fund Balance	F-1A	66,307.37	66,307.37
		1,575,784.68	1,576,033.98
 Total Capital Fund		 1,575,784.68	 1,576,033.98
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		 \$ 1,758,437.49	 \$ 1,787,535.42

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

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

	Ref.	<u>Year Ended December 31,</u>	
		<u>2020</u>	<u>2019</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 50,000.00	\$ 39,650.00
Membership Fees		72,131.00	88,128.00
Miscellaneous Revenue		30,319.67	50,367.60
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		1,548.75	1,783.19
		<u>153,999.42</u>	<u>179,928.79</u>
<u>Expenditures</u>			
Operating		122,485.00	170,250.00
Debt Service		43,425.00	
Deferred Charges and Statutory Expenditures		5,090.00	5,400.00
		<u>171,000.00</u>	<u>175,650.00</u>
Deficit/Excess in Revenues		(17,000.58)	
Operating Deficit to be Raised in Budget of Succeeding Year		<u>17,000.58</u>	
Statutory Excess to Surplus			4,278.79
<u>Fund Balance</u>			
Balance January 1		<u>209,952.69</u>	<u>245,323.90</u>
		209,952.69	249,602.69
Decreased by:			
Utilized as Anticipated Revenue:			
Pool Utility Operating Budget		<u>50,000.00</u>	<u>39,650.00</u>
Balance December 31	F	<u>\$ 159,952.69</u>	<u>\$ 209,952.69</u>

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

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2019	F	<u>\$ 66,307.37</u>
Balance December 31, 2020	F	<u><u>\$ 66,307.37</u></u>

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

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

	Budget	Realized	Excess or Deficit *
Operating Surplus Anticipated	\$ 50,000.00	\$ 50,000.00	
Pool Memberships	88,000.00	72,131.00	\$ 15,869.00 *
Miscellaneous Revenue	33,000.00	30,319.67	2,680.33 *
	\$ 171,000.00	\$ 152,450.67	\$ 18,549.33 *

Analysis of Pool Memberships

Collections	\$ 72,131.00
-------------	--------------

Analysis of Miscellaneous Revenue

Collector:	
Miscellaneous	\$ 27,260.00
Treasurer:	
Interest on Investments	1,533.32
Interest on Investments - Pool Utility Capital Fund	1,526.35
	\$ 30,319.67

**BOROUGH OF FLORHAM PARK
POOL UTILITY OPERATING FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
YEAR ENDED DECEMBER 31, 2020**

	Appropriations		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Operating:				
Salaries and Wages	\$ 66,500.00	\$ 66,500.00	\$ 56,767.50	\$ 9,732.50
Other Expenses	55,985.00	55,985.00	44,822.38	11,162.62
Debt Service:				
Payment of Notes	33,333.00	33,333.00	33,333.00	
Interest on Notes	10,092.00	10,092.00	10,092.00	
Statutory Expenditures:				
Contribution to Social Security System (O.A.S.I.)	5,090.00	5,090.00	4,334.00	756.00
	<u>\$ 171,000.00</u>	<u>\$ 171,000.00</u>	<u>\$ 149,348.88</u>	<u>\$ 21,651.12</u>

Ref.

F

Cash Disbursed
Encumbrances Payable

\$ 148,299.88
1,049.00
\$ 149,348.88

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
PUBLIC ASSISTANCE FUND

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2020	2019
<u>ASSETS</u>		
Land	\$ 78,841,336.00	\$ 78,061,382.00
Buildings and Improvements	33,303,344.00	33,209,339.00
Equipment	9,494,495.00	9,137,442.00
TOTAL ASSETS	\$ 121,639,175.00	\$ 120,408,163.00
 <u>RESERVES</u>		
Reserve for Fixed Assets	\$ 121,639,175.00	\$ 120,408,163.00
TOTAL RESERVES	\$ 121,639,175.00	\$ 120,408,163.00

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

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

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Description of Funds

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

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

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

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

B. Description of Funds (Cont'd)

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

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

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

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

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

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

C. Basis of Accounting

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

The more significant accounting policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey and for the prepayment of future years' revenue. Grant revenue is realized in the operating funds when it is received and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves.

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

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

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

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

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; and federal and state grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value and fixed assets purchased by the Utility Funds would be depreciated and the Borough's net pension liability and net OPEB Liability and related deferred inflows and outflows would be recorded.

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

D. Deferred Charges to Future Taxation

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

E. Other significant accounting policies include:

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

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

Investments – Investments are stated at cost.

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

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

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

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

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

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

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

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

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

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

General fixed assets are recorded at cost, except for land which is recorded at estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided for on general fixed assets. The total value recorded for general fixed assets is offset by a "Reserve for Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly. Assets recorded in the general fixed assets account group may also be recorded in the Current Fund, General Capital Fund, and Water Utility, Sewer Utility and Pool Utility Funds. The values recorded in the general fixed assets account group and the current and capital funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Water, Sewer, and Pool Utility Funds are recorded in the capital account at cost and are not adjusted for disposition and abandonment. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the costs of acquisitions of property, equipment and improvements. The Utility Funds do not record depreciation on fixed assets.

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

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

F. Budget/Budgetary Controls:

Annual appropriated budgets are usually prepared in the first quarter for the current and utility operating funds. The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

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

Summary of Municipal Debt

	<u>December 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 7,317,000	\$ 8,237,000	\$ 9,157,000
Water Utility:			
Bonds and Notes	1,500,000	1,500,000	900,000
Sewer Utility:			
Bonds and Loans	<u>1,951,927</u>	<u>2,161,676</u>	<u>2,311,394</u>
Total Issued	<u>10,768,927</u>	<u>11,898,676</u>	<u>12,368,394</u>
<u>Authorized but not Issued:</u>			
Water Utility:			
Bonds and Notes	8,000,130	8,064,600	8,064,600
Pool Utility:			
Bonds and Notes	<u>8,217</u>	<u>8,217</u>	<u>8,217</u>
Total Authorized but not Issued	<u>8,008,347</u>	<u>8,072,817</u>	<u>8,072,817</u>

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

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

Summary of Municipal Debt (Cont'd)

	December 31,		
	2020	2019	2018
<u>Less:</u>			
General:			
Reserve to Pay Debt Service			\$ 3,688
Water Utility:			
Reserve to Pay Debt Service	\$ 5,367	\$ 5,367	5,367
	<u>5,367</u>	<u>5,367</u>	<u>9,055</u>
Net Bonds, Notes and Loans			
Issued and Authorized but not Issued	\$ 18,771,907	\$ 19,966,126	\$ 20,432,156

Summary of Statutory Debt Condition – Revised Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Revised Annual Debt Statement as of December 31, 2020 and indicates a statutory net debt of .206%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 31,262,952	\$ 31,262,952	
Water Utility Debt	9,500,130	9,500,130	
Sewer Utility Debt	1,951,927	1,951,927	
Pool Utility Debt	8,217		\$ 8,217
General Debt	<u>7,317,000</u>		<u>7,317,000</u>
	<u>\$ 50,040,226</u>	<u>\$ 42,715,009</u>	<u>\$ 7,325,217</u>

Net Debt \$7,325,217 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,548,013,318= .206%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 124,180,466
Net Debt	<u>7,325,217</u>
Remaining Borrowing Power	<u>\$ 116,855,249</u>

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

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

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$	2,152,279
Deductions:		
Operating and Maintenance Costs	\$	1,606,470
Debt Service		<u>29,146</u>
		<u>1,635,616</u>
Excess in Revenue	\$	<u>516,663</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$	4,938,961
Deductions:		
Operating and Maintenance Costs	\$	3,413,975
Debt Service		<u>255,465</u>
		<u>3,669,440</u>
Excess in Revenue	\$	<u>1,269,521</u>

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

Cash Receipts from Fees, Rents or Other Charges for Year	\$	152,451
Deductions:		
Operating and Maintenance Costs	\$	<u>127,575</u>
Deficit in Revenue	\$	<u>24,876</u>

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

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

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

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

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2019	Additions	Retirements/ Defeasements	Balance 12/31/2020
Serial Bonds:				
General Capital Fund	\$ 8,237,000		\$ 920,000	\$ 7,317,000
Bond Anticipation Notes:				
Water Utility Capital Fund	1,500,000	\$ 1,500,000	1,500,000	1,500,000
Sewer Utility Capital Fund	1,175,000	1,121,000	1,175,000	1,121,000
Loans Payable:				
Sewer Utility Capital Fund:				
Infrastructure Trust Loan	986,676		155,749	830,927
	<u>\$ 11,898,676</u>	<u>\$ 2,621,000</u>	<u>\$ 3,750,749</u>	<u>\$ 10,768,927</u>

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/2018	Additions	Retirements/ Defeasements	Balance 12/31/2019
Serial Bonds:				
General Capital Fund	\$ 9,157,000		\$ 920,000	\$ 8,237,000
Bond Anticipation Notes:				
Water Utility Capital Fund	900,000	\$ 1,500,000	900,000	1,500,000
Sewer Utility Capital Fund	1,175,000	1,175,000	1,175,000	1,175,000
Loans Payable:				
Sewer Utility Capital Fund:				
Infrastructure Trust Loan	1,136,394		149,718	986,676
	<u>\$ 12,368,394</u>	<u>\$ 2,675,000</u>	<u>\$ 3,144,718</u>	<u>\$ 11,898,676</u>

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

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

At December 31, 2020, the Borough had capital debt issued and outstanding described as follows:

<u>General Capital Serial Bonds</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Serial Bonds - 2015	10/15/28	2.00-5.00%	\$ 7,317,000
<u>Water Capital Bond Anticipation Notes</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Various Water Improvements	11/12/21	1.50%	900,000
Acquisition of Equipment	11/12/21	1.50%	600,000
			<u>1,500,000</u>
<u>Sewer Capital Serial Bonds</u>			
<u>Sewer Capital Bond Anticipation Notes</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Various Sewer Improvements	11/12/21	1.50%	1,121,000
<u>Sewer Capital Infrastructure Trust Loans</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Environmental Infrastructure	08/01/25	4.00-4.50%	830,927
			<u>830,927</u>
			<u>\$ 10,768,927</u>

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

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

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

Calendar Year	General		Total
	Principal	Interest	
2021	\$ 920,000	\$ 272,410	\$ 1,192,410
2022	920,000	226,410	1,146,410
2023	920,000	180,410	1,100,410
2024	920,000	134,410	1,054,410
2025	920,000	88,410	1,008,410
2026-2028	2,717,000	145,630	2,862,630
	<u>\$7,317,000</u>	<u>\$ 1,047,680</u>	<u>\$ 8,364,680</u>

Infrastructure Loans

On October 26, 2005 the Borough of Florham Park entered into loan agreements with the State of New Jersey Infrastructure Trust (the "Trust"), in the aggregate amount of \$2,375,000, which represent direct obligations of the Borough. The loan agreements were obtained to finance a portion of the sewer improvement project. A portion of the loan is interest free while a portion was issued with interest rates ranging from 4.00% - 4.50%.

At December 31, 2020, the Borough borrowed or "drew down" \$2,375,000 of the \$2,375,000 funds necessary to complete the improvements partially funded with the Loan funds. Principal payments to the Fund for the loan will continue on a semiannual basis until 2025 at zero interest. Principal payments to the Trust for the loan will continue on an annual basis until 2025.

Also, an annual administrative fee of fifteen one hundredths of one percent (.15%) of the initial principal amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

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

Calendar Year	Infrastructure Trust Loan		Total
	Principal	Interest	
2021	\$ 161,506	\$ 21,000	\$ 182,506
2022	175,600	4,594	180,194
2023	158,969	17,063	176,032
2024	164,654	13,125	177,779
2025	170,197	8,969	179,166
	<u>\$ 830,927</u>	<u>\$ 64,750</u>	<u>\$ 895,677</u>

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

Note 3: Fund Balances Appropriated

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

Current Fund	\$ 2,400,000
Water Utility Operating Fund	400,000
Sewer Utility Operating Fund	849,500
Pool Utility Operating Fund	82,220

Also, \$235,000.00 of the \$4,610,246.09 Sewer Utility Operating Fund balance at December 31, 2020, was anticipated as revenue in the 2021 Current Fund budget.

Note 4: Pension Plans

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Note 4: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members.

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

Borough contributions to PERS amounted to \$557,591.35 for 2020.

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

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

Note 4: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Borough's liability was \$10,011,482 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Borough's proportion was .0613%, which was an increase of 0.001% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Borough recognized actual pension expense in the amount of \$557,591.35.

Actuarial Assumptions

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

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service

Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

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

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

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

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

Note 4: Pension Plans (Cont'd)

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

Discount Rate

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

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

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

	<u>June 30, 2020</u>		
	<u>At 1%</u> <u>Decrease</u> <u>(6.00%)</u>	<u>At Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>At 1%</u> <u>Increase</u> <u>(8.00%)</u>
Borough's proportionate share of the Net Pension Liability	\$ 12,701,887	\$ 10,011,482	\$ 7,874,124

Pension Plan Fiduciary Net Position

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

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

Note 4: Pension Plans (Cont'd)

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

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for PFRS:

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

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

Contributions

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

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

Note 4: Pension Plans (Cont'd)

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

Special Funding Situation

Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation 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 specified financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer.

Borough contributions to PFRS amounted to \$1,092,852 for the year ended December 31, 2020. During the fiscal year ended June 30, 2020, the State of New Jersey contributed \$168,705 to the PFRS for normal pension benefits on behalf of the Borough, which is less than the contractually required contribution of \$248,466.

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

Pension Liabilities and Pension Expense

At June 30, 2020, the Borough's liability for its proportionate share of the net pension liability was \$14,126,752. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the Borough's proportion was .1093%, which was a .001% decrease from its proportion measured as of June 30, 2019.

Additionally, the State's proportionate share of the net pension liability attributable to the Borough is \$2,192,408 as of June 30, 2020. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The State's proportionate share of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

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

Note 4: Pension Plans (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

At June 30, 2020, the State's proportion was .1093%, which was an increase of 0.001% change from its proportion measured as of June 30, 2019 which is the same proportion as the Borough's.

Borough's Proportionate Share of the Net Pension Liability	\$ 14,126,752
State's Proportionate Share of the Net Pension Liability Associated with the Borough	<u>2,192,408</u>
Total Net Pension Liability	<u>\$ 16,319,160</u>

For the year ended December 31, 2020, the Borough recognized total pension expense of \$1,092,852.

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

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

Note 4: Pension Plans (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS' target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount Rate – PFRS

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

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

Note 4: Pension Plans (Cont'd)

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

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

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

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the NPL and the State's proportionate share of the Net Pension Liability associated with the Borough	\$ 21,701,123	\$ 16,319,160	\$ 11,849,028

Pension Plan Fiduciary Net Position - PFRS

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

C. Defined Contribution Retirement Program (DCRP)

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

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

Note 4: Pension Plans (Cont'd)

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

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

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

For DCRP, the Borough recognized pension expense of \$1,723.17 for the year ended December 31, 2020. Employee contributions to DCRP amounted to \$3,159.22 for the year ended December 31, 2020.

Note 5: Deferred Charges to be Raised in Succeeding Years' Budgets

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

	<u>Balance at</u> <u>Dec. 31, 2020</u>	<u>To Be Raised in</u> <u>2021 Budget</u>	<u>Balance to</u> <u>Succeeding Years</u>
Operating Deficit - Pool			
Utility Operating Fund	\$ 17,000.58	\$ 17,000.58	\$ -0-

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

Note 6: School District Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district. The Borough of Florham Park has not elected to defer school taxes.

Note 7: Selected Tax Rate Information

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

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

Note 7: Selected Tax Rate Information (Cont'd)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	\$ 1.567	\$ 1.540	\$ 1.511
<u>Apportionment of Tax Rate</u>			
Municipal	0.428	0.422	0.414
County	0.270	0.273	0.271
Local School	0.578	0.568	0.554
Regional High School	0.291	0.277	0.272
<u>Assessed Valuations</u>			
2020	<u>\$ 3,501,743,215</u>		
2019		<u>\$ 3,442,480,745</u>	
2018			<u>\$ 3,384,431,258</u>

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies.

A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2020	\$ 55,457,848	\$ 55,085,829	99.33%
2019	53,366,688	53,069,889	99.44%
2018	51,729,859	50,848,233	98.30%

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

Note 8: Cash and Cash Equivalents

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

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

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

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

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

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

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed below and on the following page.

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

Deposits:

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

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

The market value of the collateral must equal 5% of the average daily balance of collected public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;

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

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

Investments:

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

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

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

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

Fund	Checking Accounts	Cash on Hand	Totals
Current	\$ 11,281,910.05		\$ 11,281,910.05
Federal and State Grant	91,875.30		91,875.30
Animal Control Trust	48,445.90		48,445.90
Other Trust	7,499,716.32		7,499,716.32
General Capital	1,459,273.71		1,459,273.71
Water Utility Operating	731,360.36		731,360.36
Water Utility Capital	1,046,036.62		1,046,036.62
Sewer Utility Operating	5,574,844.81		5,574,844.81
Sewer Utility Trust	49,409.30		49,409.30
Sewer Utility Capital	6,945,031.28		6,945,031.28
Pool Utility Operating	165,555.92	\$ 50.00	165,605.92
Pool Utility Capital	215,097.23		215,097.23
	<u>\$ 35,108,556.80</u>	<u>\$ 50.00</u>	<u>\$ 35,108,606.80</u>

The carrying amount of the Borough of Florham Park's cash and cash equivalents at cost at December 31, 2020, was \$35,108,606.80 and the bank balance was \$35,947,419.91.

Note 9: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

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

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

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

Note 9: Risk Management (Cont'd)

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with Statement No. 10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Provided, is the selected financial information for the Fund as of December 31, 2020:

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

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

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

The Borough is self-insured to the extent of the amounts "deductible" from umbrella insurance coverage for Health Benefits.

Health Benefits Insurance

Coverage is provided by an excess risk insurance policy, issued by Horizon Blue Cross/Blue Shield of NJ, with coverages detailed as follows:

A. Specific Loss:

The Borough will pay the Specific Deductible amount of \$75,000 per policy period per covered person.

B. Aggregate Loss:

2020 maximum aggregate liability is \$2,294,717.

Processing and payment of claims is administered by Horizon Blue Cross/Blue Shield of NJ.

There is a provision included in the financial statements in the Other Trust Fund - Reserve for Employee Health Benefit for claims incurred but not reported as of December 31, 2020, of \$590,424, which exceeds the estimated amount for unpaid losses and loss adjustment expenses, provided by the Borough Health Insurance Advisor.

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

Note 9: Risk Management (Cont'd)

Health Benefits Insurance (Cont'd)

A summary of activity in the Other Trust Fund Reserve for Employee Benefit Self Insurance Fund is detailed as follows:

	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	\$ 130,000	
Receipts	<u>2,614,145</u>	<u>\$ 130,000</u>
	2,744,145	130,000
Disbursements	<u>2,153,721</u>	
Balance, End of Year	<u>\$ 590,424</u>	<u>\$ 130,000</u>

New Jersey Unemployment Compensation Insurance

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

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

<u>Year</u>	<u>Borough Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ -0-	\$ 19,865.69	\$ 7,267.42	\$442,075.32
2019	-0-	23,262.04	30,700.55	434,636.81
2020	-0-	16,409.43	353.49	450,692.75

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

Note 10: Accrued Sick and Vacation Benefits

The Borough permits employees to accrue unused sick pay, which may be taken as time off or paid upon retirement or separation at the employee's current rate upon such termination. It is estimated that the current cost of such unpaid compensation would approximate \$1,549,370.51. This amount is not reported either as an expenditure or liability. However, it is expected that the cost of such unpaid compensation would be included in the Borough's budget operating expenditures in the year in which it is used. This amount is partially funded in the Reserve for Accumulated Absences of \$1,002,546.71 on the Trust Funds balance sheet at December 31, 2020.

Note 11: Contingencies

The Borough is periodically involved in lawsuits arising in the normal course of business, including claims for disputes over contract awards. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the Borough's financial position as of December 31, 2020.

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

The Borough has been advised that a number of tax appeals have been filed. Potential refunds on tax appeals could be a financial burden. A reserve for pending tax appeals in the amount of \$5,394,214.89 has been recorded as a liability as of December 31, 2020. The Borough feels this balance is sufficient to cover any liability related to the tax appeals.

Note 12: Economic Dependency

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

Note 13: Deferred Compensation

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. This plan, which is administered by Nationwide, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, death or unforeseeable emergency.

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

Note 14: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 1,894.22	\$ 5,584.57
Federal and State Grant Fund		27.87
Animal Control Trust Fund		632.74
Other Trust Fund		901.79
General Capital Fund		331.82
Water Utility Operating Fund	2,274.97	
Water Utility Capital Fund		223.35
Sewer Utility Operating Fund	5,546.92	554.00
Sewer Utility Capital Fund		1,459.97
Pool Utility Operating Fund	46.31	
Pool Utility Capital Fund		46.31
	<u>\$ 9,762.42</u>	<u>\$ 9,762.42</u>

A portion of the Current Fund interfund receivable represents the statutory excess in the Animal Control Fund. The interfund payable between the Current Fund and the Other Trust Fund is for monies collected in Other Trust Fund due from Current Fund, for which the cash has not been transferred as of December 31, 2020. The interfund payable from General Capital Fund to Current Fund represents interest earned in General Capital Fund and not turned over to Current Fund at year end. The interfund between Water Utility Operating Fund and Water Utility Capital Fund is due to interest earned in Water Utility Capital Fund not turned over to Water Utility Operating Fund at year end. The Sewer Utility Operating Fund interfund represents interest earned in Sewer Utility Capital Fund not turned over to Sewer Utility Operating Fund at year end. The interfund between Pool Utility Operating Fund and Pool Utility Capital Fund represents interest earned in Pool Utility Capital Fund not turned over to Pool Utility Operating Fund at year end.

Note 15: Post-Retirement Benefits Other than Pensions (OPEB)

General Information about the Borough's OPEB Plan

Plan Description and Benefits Provided

The Borough provides other post-retirement benefits to certain clerical, public works and police employees. Medical included prescription drugs are offered to pre-65 and post-65 retirees on a fully insured basis. The Borough does not provide subsidized benefits for dental, vision or life insurance coverage. Furthermore, the Borough subsidizes (or reimburses) premium payments for Medicare Part B coverage for retirees and/or spouses that are eligible for Medicare, but does not reimburse for Medicare Part D coverage. Non-Union retirees hired after October 1, 1997 and Police are not eligible for medical insurance after age 65. Furthermore, all retirees including dependents are eligible for Medicare Part B except for Non-Union employees hired after October 1, 1997. Eligibility for retirement is based on meeting a criteria of minimum age and/or years of service (YOS) requirements. For this valuation, retirees are eligible for subsidized healthcare benefits based on reaching a minimum of twenty-five (25) YOS of service with the Borough and

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

Note 15: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

General Information about the Borough's OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

no minimum age requirement for all groups including Union and Non-Union.

Contributions

Base medical plan costs for pre-65 and post-65 retirees are based on fully insured premium rates provided by the Borough for the 2020 and 2021 plan years. Premium rates are based on 100% before retiree contributions and assumed to include all administrative expenses and PPACA fees due at this time. In addition, fully insured prescription drug premium rates through MaxorPlus are assumed to include all administrative expenses and applicable PPACA fees as well. The prescription drug rates provided reflect a combined active and retiree population (pre-65 and post-65), therefore adjustments were necessary to convert the provided premium rates into specific pre-65 and post-65 retirees costs.

Retiree contribution rates vary by union and Medicare eligibility status. Below is a summary of retiree contributions by union and pre-65/post-retiree Medicare eligibility status.

Union	Pre-65 Retiree	Post-65 Retiree
DPW	0%	0%
PBA	0%	100%
Non-Union hired before 1/1/1997	0%	0%
Non-Union hired on/after 10/1/1997	100%	100%

Employees Covered by Benefit Terms

As of February 2021, there were 164 active employees and retirees reflecting the sum of 103 active employees (87 electing coverage and 16 waiving coverage) and 61 retirees, inclusive of 3 surviving spouses.

Total OPEB Liability

The Borough's OPEB liability of \$57,969,687 was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.02% at December 31, 2019
Salary Increases	3.00% per year
Inflation Assumptions	0.25% per year

The selected discount rate is based on the prescribed discount interest rate methodology under GASB No. 74/75 using an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO – 2.12%, S&P Municipal Bond 20 Year High Grade Rate Index – 1.93%, and Fidelity GA AA 20

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

Note 15: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

General Information about the Borough's OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

Health Care Trend Rates	Year	Pre-65	Post-65
Year 1 Trend	January 1, 2022	7.00%	7.00%
Ultimate Trend	January 1, 2032 & Later	4.50%	4.50%
Grading Per Year		0.25%	0.25%

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre- and post-retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at January 1, 2020	\$ 57,489,716
Changes for Year:	
Service Cost	767,150
Interest Cost	1,142,716
Changes in Assumptions	409,383
Benefit Payments	<u>(1,839,278)</u>
Net Changes	<u>479,971</u>
Balance at December 31, 2020	<u>\$ 57,969,687</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Borough as well as what the Borough's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage lower (3.02 percent) or 1 percentage higher (1.02 percent) than the current discount rate:

	<u>December 31, 2020</u>		
	<u>1% Decrease (1.02%)</u>	<u>Discount Rate (2.02%)</u>	<u>1% Increase (3.02%)</u>
Total OPEB Liability	\$ 71,295,812	\$ 57,969,687	\$ 48,227,042

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

Note 15: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Borough as well as what the Borough's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage lower or 1 percentage higher than the valuation healthcare cost trend rates:

	December 31, 2020		
	1%	Valuation Healthcare Trend Rates	1%
	Decrease		Increase
Total OPEB Liability	\$ 47,900,362	\$ 57,969,687	\$ 71,656,649
<u>OPEB Expense</u>			

For the year ended December 31, 2020, the Borough's OPEB expense was \$2,591,937 as determined by the actuarial valuation.

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

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

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

Note 15: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees Plan

Benefits Provided (Cont'd)

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

Contributions

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

Special Funding Situation

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

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

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

Note 15: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019.

The State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2019 was \$5,931,251. At June 30, 2019, the Borough's proportion was .1073% which was a decrease of .0053% from its proportion measured as of June 30, 2018.

Additionally, the State's proportionate share of the net OPEB liability attributable to the Borough at June 30, 2019 was \$78,620. At June 30, 2019, the State's proportion related to the Borough was .1073%. This is the percentage of the total State Share of the net OPEB liability of the Plan.

Additionally, during the year ended June 30, 2019, the State of New Jersey's OPEB expense related to the Borough was \$78,620.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% - 6.00%
Rate thereafter	3.00% to 7.00%

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

Note 15: Post-Retirement Benefits Other than Pensions (OPEB) (Cont'd)

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

Actuarial Assumptions and Other Inputs (Cont'd)

Police and Firemen's Retirement System (PFRS)

Rate for all future years 3.25% to 15.25%

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

Mortality:

PERS Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PFRS Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 – June 30, 2018, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially is 5.7% and decreases to a 4.5% long term trend rate after eight years. For post 65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%. This represents the municipal bond rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

Note 16: Tax Abatements

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

As of December 31, 2020, The Borough provides a tax abatement to a public body corporate and politic of the State of New Jersey with corporate succession (the "Authority") in the Borough pursuant to the authority contained in N.J.S.A. 5:10-6a(14)(b) (the "Law") and an agreement dated March 20, 2007. In consideration of the full abatement of taxes, the Authority is required to pay to the Borough \$200,000 per year. On the fifth anniversary date after the Payment in Lieu of Taxes (the "PILOT") commencement date and on each of the succeeding fifth anniversary dates thereafter, the PILOT shall be adjusted so that the amount payable in the sixth year shall be equal to the PILOT paid on the PILOT commencement date adjusted by one hundred percent of the cumulative percentage increase or decrease, if any, in the Consumer Price Index for each year from the PILOT commencement date through the end of fifth year (the "PILOT Adjustment"). The resulting amount shall be the PILOT payable annually for the sixth through the tenth years after the PILOT commencement date. The foregoing calculation shall be repeated with respect to every five years thereafter and the resulting PILOT for each successive five year period shall be the PILOT for the last year of the preceding five year period, as increased or decreased by the PILOT Adjustment applied thereto.

The tax abatement provided under the agreement shall be terminated on the first day of the month following the date which the project is transferred by the Authority to a private party.

The Borough recognized revenue in the amount of \$236,214.32 from this payment in lieu of taxes which is recorded as a miscellaneous revenue in the Current Fund. The taxes which would have been paid on this property for 2020 without the abatement would have been \$821,100.17 of which \$216,933.93 would have been for the local municipal tax and minimum library tax.

Additionally, there are two PILOT programs that generated \$205,218.38 of miscellaneous revenue in the Current Fund. The taxes which would have been paid on these properties for 2020 is not materially different from what was collected in miscellaneous revenues.

Note 17: Subsequent Event

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

BOROUGH OF FLORHAM PARK

SUPPLEMENTARY DATA

BOROUGH OF FLORHAM PARK
OFFICIALS IN OFFICE AND SURETY BONDS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Name		Amount of Bond	Name of Corporate or Personal Surety
Mark Taylor	Mayor		
Carmen Cefolo-Pane	Council President		
Scott Carpenter	Councilman		
William Zuckerman	Councilman		
Charles Germershausen	Councilman		
Charles Malone	Councilman		
Thomas Michalowski	Councilman		
Sheila Williams	Borough Clerk	(A)	
William Huyler	Borough Administrator	(A)	
Patrice Visco	Chief Financial Officer	(A)	
Patrice Visco	Tax Collector and Tax Search Officer	\$ 1,000,000.00	Municipal Excess Liability JIF
John Murray	Tax Assessor	(A)	

(A) All employees, who are not specifically bonded, are covered under \$50,000 and \$950,000 Faithful Performance Bonds provided by the Morris County Municipal Joint Insurance Fund and the Municipal Excess Liability Joint Insurance Fund, respectively.

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
CURRENT FUND

BOROUGH OF FLORHAM PARK
CURRENT FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 10,461,950.24
Increased by Receipts:		
Tax Collector	\$ 55,455,041.59	
Revenue Accounts Receivable	4,099,918.79	
Miscellaneous Revenue Not Anticipated	398,140.16	
Due Federal and State Grant Fund:		
Interfund Returned	93.07	
Due General Capital Fund:		
Interfund Returned	2,068.89	
Due Animal Control Fund:		
Prior Year Interfund Returned	4,208.05	
Due Sewer Utility Operating Fund		
Sewer Rents	4,086.95	
Due Water Utility Operating Fund		
Water Rents	1,497.62	
Due Flexible Spending Account		
Interfund Advanced	2,000.00	
Due State of New Jersey:		
Marriage License Fees	1,200.00	
State Training Fees	49,964.00	
Senior Citizens' and Veterans' Deductions	65,676.40	
Due County of Morris:		
Payment in Lieu of Taxes Fees	23,233.29	
Appropriation Refunds	588,743.53	
		<u>60,695,872.34</u>
		71,157,822.58
Decreased by Disbursements:		
2020 Appropriation Expenditures	19,181,060.14	
2019 Appropriation Reserve Expenditures	497,446.21	
Local School District Taxes	20,208,133.00	
Regional High School Taxes	10,166,286.00	
County Taxes	9,498,976.20	
Accounts Payable	146,855.00	
Due Other Trust Funds:		
Interfund Returned	66,082.64	
Due State of New Jersey:		
Marriage License Fees	1,375.00	
State Training Fees	63,120.00	
Refund of Tax Overpayments	46,578.34	
		<u>59,875,912.53</u>
Balance December 31, 2020	A	<u>\$ 11,281,910.05</u>

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

Increased by Receipts:		
Taxes Receivable	\$ 54,977,693.32	
Interest and Costs on Taxes	84,992.91	
2021 Prepaid Taxes	304,963.18	
Tax Overpayments	87,392.18	
		\$ 55,455,041.59
Decreased by:		
Payments to Municipal Treasurer		\$ 55,455,041.59

FEDERAL AND STATE GRANT FUND
SCHEDULE OF CASH - GRANT FUNDS

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 107,479.69
Increased by Receipts:		
Grants Receivable		\$ 3,185.90
Unappropriated Grant Funds Received		37,725.23
Due Current Fund - Interest		27.87
		\$ 40,939.00
		148,418.69
Decreased by Disbursements:		
Appropriated Grant Reserve		56,450.32
Due Current Fund - Interfund		93.07
		56,543.39
Balance December 31, 2020	A	\$ 91,875.30

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

Year	Balance		2020 Levy		Collections		State of NJ Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2020
	Dec. 31, 2019	2020 Levy	2019	2020	2019	2020				
2018	\$ 2,178.46							\$ 2,119.94	\$ 58.52	
2019	288,695.73	\$ 7,294.36		\$ 290,782.34		\$ (73.60)	5,266.64	14.71		
	290,874.19	7,294.36		290,782.34		(73.60)	7,386.58	73.23		
2020		55,457,847.57	\$ 332,668.59	54,686,910.98		66,250.00	20,651.07	3,743.57	\$ 347,623.36	
	\$ 290,874.19	\$ 55,465,141.93	\$ 332,668.59	\$ 54,977,693.32		\$ 66,176.40	\$ 28,037.65	\$ 3,816.80	\$ 347,623.36	

Ref. A

Analysis of 2020 Property Tax Levy

Tax Yield:

General Purpose Tax	\$ 54,873,067.37
Added and Omitted Taxes	584,780.20
	<u>\$ 55,457,847.57</u>

Tax Levy:

Local School District Taxes	\$ 20,208,133.00
Regional High School Taxes	10,166,286.00
County Taxes:	
General Tax	\$ 9,163,481.44
County Open Space	272,295.61
Due County for Added and Omitted Taxes	100,759.80
	<u>9,536,536.85</u>
	<u>39,910,955.85</u>

Local Tax for Municipal Purposes Levied

Minimum Library Tax	13,852,226.57
Add: Additional Tax Levied	1,194,404.17
	<u>500,260.98</u>
	<u>15,546,891.72</u>
	<u>\$ 55,457,847.57</u>

A

BOROUGH OF FLORHAM PARK
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>Ref.</u>	
Balance December 31, 2019	A	\$ 28,621.33
Increased by:		
Transfer from Taxes Receivable		<u>3,816.80</u>
Balance December 31, 2020	A	<u>\$ 32,438.13</u>

BOROUGH OF FLORHAM PARK
CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	<u>Balance</u> Dec. 31, 2019	<u>Accrued in</u> 2020	<u>Collected by</u> Treasurer	<u>Balance</u> Dec. 31, 2020
Licenses:				
Alcoholic Beverages	\$ 18,314.00		\$ 18,314.00	
Other	46,890.00		46,890.00	
Fees and Permits - Other	147,630.00		147,630.00	
Fines and Costs - Municipal Court	\$ 16,959.96	85,781.02	96,659.40	\$ 6,081.58
Payments in Lieu of Taxes		441,432.70	441,432.70	
Interest on Deposits		200,125.32	200,125.32	
Park Avenue Club Contribution		50,000.00	50,000.00	
Hotel Occupancy Tax		261,261.36	261,261.36	
Energy Receipts Tax		1,028,157.99	1,028,157.99	
Construction Code Official		1,409,180.00	1,409,180.00	
Uniform Fire Safety Act		159,974.50	159,974.50	
Outside Detail Administrative Fees		20,000.00	20,000.00	
Sewer Utility Operating Surplus of Prior Year		310,000.00	310,000.00	
School Resource Officer Revenue		124,465.78	110,643.52	13,822.26
	<u>\$ 16,959.96</u>	<u>\$ 4,303,212.67</u>	<u>\$ 4,300,268.79</u>	<u>\$ 19,903.84</u>
<u>Ref.</u>	A			A
		Cash Received	4,099,918.79	
		Prepaid UCC Fees Applied	200,000.00	
		Due from Other Trust Funds	350.00	
			<u>4,300,268.79</u>	

BOROUGH OF FLORHAM PARK
FEDERAL AND STATE GRANT FUND
SCHEDULE OF GRANTS RECEIVABLE
YEAR ENDED DECEMBER 31, 2020

<u>Grant Description</u>	<u>Revenue Realized in 2020</u>	<u>Received</u>	<u>Transferred from Unappropriated Reserve</u>
Clean Communities Grant	\$ 21,265.84		\$ 21,265.84
Recycling Tonnage Grant	50,635.45		50,635.45
Alcohol Education and Rehabilitation Fund	4,000.99		4,000.99
Body Worn Camera Assistance	3,463.65		3,463.65
Bullet Proof Vest Partnership	1,828.41		1,828.41
Body Armor Replacement Program	3,185.90	\$ 3,185.90	
EMAA Grant	10,000.00		10,000.00
	<u>\$ 94,380.24</u>	<u>\$ 3,185.90</u>	<u>\$ 91,194.34</u>

Ref.

A-15

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

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
GENERAL GOVERNMENT:				
General Administration:				
Other Expenses	\$ 4,988.81	\$ 4,988.81		\$ 4,988.81
Mayor and Council:				
Other Expenses	6,309.23	6,309.23	\$ 200.00	6,109.23
Municipal Clerk:				
Other Expenses	8,368.02	8,368.02	4,767.57	3,600.45
Financial Administration:				
Other Expenses	6,867.15	6,867.15	5,149.73	1,717.42
Annual Audit	5,000.00	5,000.00	5,000.00	
Tax Collection:				
Salaries and Wages	6,666.80	6,666.80		6,666.80
Other Expenses	855.09	855.09		855.09
Tax Assessment:				
Other Expenses	9,837.32	9,837.32	6,354.90	3,482.42
Legal Services:				
Other Expenses	19,427.53	19,427.53	7,936.00	11,491.53
Engineering Services and Costs:				
Other Expenses	580.95	580.95	430.95	150.00
Historic Commission:				
Other Expenses	4,089.76	4,089.76	4,089.76	
Planning Board:				
Other Expenses	7,705.90	7,705.90	1,805.75	5,900.15
Board of Adjustment:				
Other Expenses	3,378.65	3,378.65	364.95	3,013.70
Municipal Court:				
Salaries and Wages	110.95	110.95		110.95
Other Expenses	842.12	842.12	474.40	367.72
PUBLIC SAFETY:				
Police:				
Other Expenses	39,354.90	39,354.90	39,207.60	147.30

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

	<u>Balance</u> <u>Dec. 31, 2019</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
PUBLIC SAFETY: (Cont'd)				
Fire:				
Other Expenses	\$ 20,537.65	\$ 20,537.65	\$ 20,325.61	\$ 212.04
Fire Safety:				
Salaries and Wages	1,057.06	1,057.06		1,057.06
Other Expenses	7,034.41	7,034.41	5,943.83	1,090.58
Contribution to Volunteer Fire Dept.				
Other Expenses	100.00	100.00		100.00
PUBLIC WORKS:				
Road Repairs and Maintenance:				
Other Expenses	118,559.12	118,559.12	60,671.74	57,887.38
Other Public Works:				
Solid Waste Collection:				
Other Expenses	34,321.60	34,321.60	33,952.87	368.73
Buildings and Grounds:				
Other Expenses	33,516.89	33,516.89	32,968.69	548.20
Vehicle Maintenance:				
Salaries and Wages	1,400.58	1,400.58		1,400.58
Other Expenses	8,193.43	8,193.43	8,176.62	16.81
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Other Expenses	1,159.10	1,159.10	19.07	1,140.03
Environmental Commission:				
Other Expenses	7,638.52	7,638.52	2,531.40	5,107.12
Social Services:				
Other Expenses	298.00	298.00		298.00
RECREATION AND EDUCATION:				
Recreation:				
Other Expenses	24,056.99	24,056.99	4,936.36	19,120.63
Celebration of Public Events				
Other Expenses	1,500.00	1,500.00		1,500.00
Condo Services:				
Other Expenses	40.11	40.11		40.11
INSURANCES:				
General Liability	81.00	81.00		81.00
Group Insurance for Employees	8,234.33	8,234.33	50.00	8,184.33
Flood Insurance	76.00	76.00		76.00

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

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
UTILITIES:				
Bulk Utilities	\$ 54,715.01	\$ 54,715.01	\$ 30,782.71	\$ 23,932.30
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Other Expenses	185,888.94	185,888.94	184,414.23	1,474.71
Contingent	10,000.00	10,000.00		10,000.00
Deferred Charges & Statutory Expenditures:				
Statutory Expenditures:				
Public Employees' Retirement System	3,767.38	3,767.38		3,767.38
Social Security System (O.A.S.I.)	19,863.66	19,863.66		19,863.66
Operations Excluded from "CAPS":				
Maintenance of Free Public Library	18,091.47	18,091.47	18,091.47	
LOSAP	21,077.73	21,077.73	18,800.00	2,277.73
	<u>\$ 705,592.16</u>	<u>\$ 705,592.16</u>	<u>\$ 497,446.21</u>	<u>\$ 208,145.95</u>
 <u>Analysis of Balance December 31, 2019:</u>				
	<u>Ref.</u>			
Encumbered	A	\$ 384,419.75		
Unencumbered	A	321,172.41		
		<u>\$ 705,592.16</u>		
Cash Disbursed			<u>\$ 497,446.21</u>	

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

Increased by:		
Levy - Calendar Year 2020	\$	20,208,133.00
Decreased by:		
Payments to Local School District	\$	<u>20,208,133.00</u>

CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE
YEAR ENDED DECEMBER 31, 2020

Increased by:		
Levy - Calendar Year 2020	\$	10,166,286.00
Decreased by:		
Payments to Regional High School District	\$	<u>10,166,286.00</u>

BOROUGH OF FLORHAM PARK
FEDERAL AND STATE GRANT FUND
SCHEDULE OF APPROPRIATED RESERVES

Grant Description	Balance Dec. 31, 2019	Transferred from 2020 Budget Appropriations	Expended	Balance Dec. 31, 2020
Recycling Tonnage Grant:				
2020		\$ 50,635.45	\$ 16,441.80	\$ 34,193.65
Alcohol Education & Rehabilitation Grant:				
2008				
2010	\$ 1,763.33			1,763.33
2011	1,456.24			1,456.24
2012	3,291.75			3,291.75
2014	2,797.06			2,797.06
2015	1,536.08			1,536.08
2016	2,736.39			2,736.39
2017	2,123.22			2,123.22
2018	2,782.83			2,782.83
2019	3,295.36			3,295.36
2020		4,000.99		4,000.99
Clean Communities Grant:				
2020		21,265.84	21,265.84	
Labor Day Crack Down	550.00			550.00
Drunk Driving Enforcement Fund:				
2017	3,629.70		925.08	2,704.62
2018	3,707.55			3,707.55
2019	5,737.92			5,737.92
Body Armor Program:				
2020		3,185.90	3,185.90	
2019	2,659.58		2,659.58	
Bulletproof Vest:				
2020		3,463.65	1,972.12	1,491.53
2021		1,828.41		1,828.41
NFL Field Grant	14,884.22			14,884.22
Distracted Driver	336.29			336.29
EMPG Grant		10,000.00	10,000.00	
	<u>\$ 53,287.52</u>	<u>\$ 94,380.24</u>	<u>\$ 56,450.32</u>	<u>\$ 91,217.44</u>

Ref.

A

A

BOROUGH OF FLORHAM PARK
FEDERAL AND STATE GRANT FUND
SCHEDULE OF UNAPPROPRIATED RESERVES

<u>Grant Description</u>	<u>Balance Dec. 31, 2019</u>	<u>Received</u>	<u>Transferred to 2020 Budget Revenue</u>	<u>Balance Dec. 31, 2020</u>
Bullet Proof Vest	\$ 3,463.65	\$ 2,458.40	\$ 5,292.06	\$ 629.99
Recycling Tonnage	50,635.45		50,635.45	
Clean Communitites Program		21,265.84	21,265.84	
Alcohol Education and Rehabilitation Program		4,000.99	4,000.99	
EMPG Grant		10,000.00	10,000.00	
	<u>\$ 54,099.10</u>	<u>\$ 37,725.23</u>	<u>\$ 91,194.34</u>	<u>\$ 629.99</u>
<u>Ref.</u>	A		A-10	A

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
TRUST FUNDS

BOROUGH OF FLORHAM PARK
TRUST FUNDS
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
Balance December 31, 2019	B	\$ 47,451.65	\$ 7,352,353.47
Increased by Receipts:			
Animal Control License Fees:			
Dog License Fees		\$ 10,011.00	
Cat License Fees		1,857.00	
Late, Impound and Boarding Fees		2,154.81	
Due Current Fund:			
Interest Earned			\$ 19,211.30
Fees and Permits Collected			350.00
Interfund Returned			66,082.64
Escrow Deposits			229,454.89
Deposits and Interest:			
Unemployment Insurance Fund			16,409.43
Police Forfeited Assets			2,201.75
Housing Trust			191,307.36
Tax Sale Premiums			69,400.00
Recreation			39,748.39
Recycling			3,218.15
Fire Penalties			4,500.00
Accumulated Absences			250,000.00
Parking Offenses Adjudication Act			24.00
Various Miscellaneous Trust Funds			1,300.00
Police Donations			2,890.00
Public Defender			1,025.00
Self Insurance			2,614,145.38
Off Duty Police Officer Fund			290,942.50
		<u>14,022.81</u>	<u>3,802,210.79</u>
		61,474.46	11,154,564.26
Decreased by Disbursements:			
Administrative Expenses		7,676.31	
Due to State of New Jersey		1,144.20	
Due Current Fund:			
Interest Income			18,659.51
Interfund Returned		4,208.05	
Escrow Deposits - Refunds, Charges and Withdrawals			301,388.40
Unemployment Insurance Fund			353.49
Housing Trust			48,438.10
Tax Sale Premiums			238,400.00
Recycling			75,000.00
Fire Penalties			4,000.00
Accumulated Absences			166,806.02
Storm Recovery			45,365.19
Recreation			300,141.62
Police Donations			7,029.65
Public Defender			200.00
Off Duty Police Officer Fund			282,740.00
Self Insurance			2,153,721.16
Various Miscellaneous Trust Funds			12,604.80
		<u>13,028.56</u>	<u>3,654,847.94</u>
Balance December 31, 2020	B	<u>\$ 48,445.90</u>	<u>\$ 7,499,716.32</u>

BOROUGH OF FLORHAM PARK
ASSESSMENT TRUST FUND
ANALYSIS OF CASH
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
ANIMAL CONTROL FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2019	B	\$ 38,019.40
Increased by:		
Animal Control Fees:		
Dog Licenses		\$ 10,011.00
Cat Licenses		1,857.00
Prepaid Licenses		5,224.20
Late, Impound and Boarding Fees		2,154.81
		19,247.01
		57,266.41
Decreased by:		
Animal Control Expenditures		7,676.31
Prepaid Licenses		4,900.80
Due to State of New Jersey		1,144.20
Statutory Excess - Due to Current Fund		632.74
		14,354.05
Balance December 31, 2020	B	\$ 42,912.36

License Fees Collected:

<u>Year</u>		
2018		\$ 21,828.76
2019		21,083.60
		\$ 42,912.36
Maximum Allowable Reserve		\$ 42,912.36

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
GENERAL CAPITAL FUND

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
SCHEDULE OF CASH

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 1,466,661.30
Increased by Receipts:		
Due Current Fund:		
Interest Earned	\$ 8,713.35	
Budget Appropriation:		
Capital Improvement Fund	1,915,200.00	
Due from Recreation Trust Fund	135,000.00	
Reserve for:		
Gun Club	5,000.00	
		2,063,913.35
		3,530,574.65
Decreased by Disbursements:		
Improvement Authorization Expenditures	2,060,850.52	
Due Current Fund:		
Interest Income	2,068.89	
Interfund Returned	8,381.53	
		2,071,300.94
Balance December 31, 2020	C	\$ 1,459,273.71

**BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Ord. Date	Ord. No.	Improvement Authorizations	Receipts				Disbursements		Balance/ (Deficit) Dec. 31, 2020	
				Balance/ (Deficit) Dec. 31, 2019	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	Transfers		
									From		To
Fund Balance											
Capital Improvement Fund											
Grants Receivable:											
New Jersey Transportation Trust Fund											
County of Morris Open Space Trust Grant											
Due Current Fund											
Reserve for:											
Gun Club											
	6/23/2009	09-12	Various Capital Improvements	7,885.48	\$ 1,915,200.00			\$ 953,800.00		\$ 7,885.48	
	11/23/2010	10-19	Various Capital Improvements	4,959.81						1,158,987.70	
	4/20/2017	17-7	Various Road Improvements	66,554.45							
	4/20/2017	17-9	Little Red School House Improvements	12,700.00			\$ 12,700.00				
	4/19/2018	18-5	Various Roads, DPW, & Police Improvements	31,313.00						(587,000.00)	
	6/14/2018	18-16	Various Roads & DPW Improvements	483.00						(37,578.00)	
	4/18/2019	19-9	Various Capital Improvements	43,497.74						331.82	
	9/19/2019	19-13	Interior Restoration of the Little Red Schoolhouse	1,316,189.23			1,314,639.23				
	4/30/2020	20-5	Various Road Improvements	23,000.00						40,000.00	
	6/25/2020	20-9	Various Road, Police and DPW Improvements			135,000.00	601,983.65	120,000.00			
	8/13/2020	20-12	Courtroom Architect Services				130,837.10				
	10/22/2020	20-17	HVAC Design Services				543.60				
				\$ 1,466,661.30	\$ 1,915,200.00	\$ 148,713.35	\$ 2,060,850.52	\$ 1,548,800.00	\$ 19,800.00	\$ 1,459,273.71	

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

**BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Improvement Description	No.	Date	Ordinance Amount	Balance Dec. 31, 2019 Funded	2020 Authorizations			Paid or Charged	Improvement Authorizations Canceled	Balance Dec. 31, 2020 Funded
					Capital Improvement Fund	Other Sources				
Various Capital Improvements	10-19	11/23/2010	\$ 2,100,000.00	\$ 4,959.81					\$ 4,959.81	
Elm Street Project	13-1	2/7/2013	4,100,000.00	66,554.45					66,554.45	
Various Road Improvements	17-7	4/20/2017	1,000,000.00	12,700.00			\$ 12,700.00			
Little Red School House Improvements	17-9	4/20/2017	180,620.00	31,313.00					31,313.00	
Various Roads, DPW, & Police Improvements	18-5	4/19/2018	1,061,000.00	483.00					483.00	
Various Roads & DPW Improvements	18-16	6/14/2018	120,000.00	43,497.74					43,350.80	
Various Capital Improvements	19-9	4/18/2019	2,279,000.00	1,316,189.23			1,146.94		1,550.00	
Interior Restoration of the Little Red Schoolhouse	19-13	9/19/2019	23,000.00	23,000.00					23,000.00	
Various Road Improvements	20-5	4/30/2020	805,000.00		\$ 550,000.00	\$ 255,000.00	601,983.65	\$ 120,000.00	83,016.35	
Various Road, Police and DPW Improvements	20-9	6/25/2020	730,000.00		380,000.00	350,000.00	130,837.10		599,162.90	
Courtroom Architect Services	20-12	8/13/2020	4,000.00		4,000.00		543.60		3,456.40	
HVAC Design Services	20-17	10/22/2020	19,800.00		19,800.00				19,800.00	
				\$ 1,498,697.23	\$ 953,800.00	\$ 605,000.00	\$ 2,060,850.52	\$ 120,000.00	\$ 876,646.71	

Ref.

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C

New Jersey Department of Transportation Grant	\$ 470,000.00
Recreation Trust Fund	135,000.00
	<u>\$ 605,000.00</u>
New Jersey Department of Transportation Grants Receivable	\$ 120,000.00
	<u><u>120,000.00</u></u>

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	C	\$ 197,587.70
Increased by:		
2020 Budget Appropriation		<u>1,915,200.00</u>
		2,112,787.70
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>953,800.00</u>
Balance December 31, 2020	C	<u><u>\$ 1,158,987.70</u></u>
Analysis of Balance:		
General Capital Improvement Fund		\$ 967,445.05
Open Space Capital Improvement Fund		<u>191,542.65</u>
		<u><u>\$ 1,158,987.70</u></u>

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2019	Balance Dec. 31, 2020
			Outstanding Date	Amount			
Serial Bonds - 2015	10/1/2015	\$ 11,917,000.00	10/15/2021	\$ 920,000.00	5.00%		
			10/15/2022	920,000.00	5.00%		
			10/15/2023	920,000.00	5.00%		
			10/15/2024	920,000.00	5.00%		
			10/15/2025	920,000.00	2.00%		
			10/15/2026	920,000.00	2.25%		
			10/15/2027	920,000.00	2.50%		
			10/15/2028	877,000.00	3.00%		
					\$ 8,237,000.00	\$ 920,000.00	\$ 7,317,000.00
					<u>\$ 8,237,000.00</u>	<u>\$ 920,000.00</u>	<u>\$ 7,317,000.00</u>

Ref.

C

C

BOROUGH OF FLORHAM PARK
GENERAL CAPITAL FUND
GREEN ACRES PROGRAM - GREEN TRUST LOAN PAYABLE
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
WATER UTILITY FUND

BOROUGH OF FLORHAM PARK
WATER UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2019	D	\$ 778,472.21	\$ 1,159,850.29
Increased by Receipts:			
Water Utility Collector		\$ 1,743,318.98	
Due Water Utility Capital Fund:			
Interest Earned		5,008.44	
Interfund Returned		2,750.90	
Premium on Bond Anticipation Notes			\$ 14,001.00
Water Overpayments		1,697.66	
Interest on Investments		2,750.45	
Due Sewer Utility Operating Fund		638.80	
Budget Appropriation:			
Capital Improvement Fund			104,000.00
Deferred Charges to Future Revenue			64,470.00
Appropriation Refunds		220.26	
Due Water Utility Operating Fund:			
Interest Earned			5,231.79
Due Reserve for Connection Fees			36,506.10
		<u>1,756,385.49</u>	<u>224,208.89</u>
		2,534,857.70	1,384,059.18
Decreased by Disbursements:			
2020 Appropriation Expenditures		1,628,989.61	
2019 Appropriation Reserve Expenditures		140,765.55	
Accrued Interest on Notes		30,000.00	
Due from Current Fund		1,497.62	
Due from Sewer Operating Fund		1,192.80	
Refund of Prior Year Revenue		1,051.76	
Due Water Utility Operating Fund:			
Interfund Returned			2,750.90
Interest Earned			5,008.44
Improvement Authorizations			330,263.22
		<u>1,803,497.34</u>	<u>338,022.56</u>
Balance December 31, 2020	D	<u>\$ 731,360.36</u>	<u>\$ 1,046,036.62</u>

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

Increased by Receipts:

Consumer Accounts Receivable:

Water Rents	\$ 1,260,389.90
Miscellaneous Revenue	482,929.08
Total Consumer Accounts Receivable	<u>1,743,318.98</u>

Decreased by Disbursements:

Paid to Treasurer	<u>\$ 1,743,318.98</u>
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**BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance / (Deficit) Dec. 31, 2019	Receipts			Disbursements			Balance / (Deficit) Dec. 31, 2020
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 280,807.37							\$ 294,808.37
Capital Improvement Fund	185,675.73							185,675.73
Due Water Utility Operating Fund	2,750.90	\$ 168,470.00	\$ 19,232.79		\$ 104,000.00	104,000.00		185,675.73
Reserve for Connection Fees			36,506.10		182,471.00			223.35
Reserve for Payment of Debt Service	5,367.03							36,506.10
								5,367.03
Ord. No.	Ord. No.	Improvement Authorizations						
5/31/2006	06-17	Iron and Manganese Removal Plant						(140,668.43)
5/28/2013	13-06	Water Valve Replacements					64,470.00	(105,226.24)
9/21/2017	17-15	Various Water Improvements				\$ 330,263.22		15,350.71
09/20/18	19-05	Acquisition of Equipment						650,000.00
06/25/20	20-10	Water Utility Vehicles					104,000.00	104,000.00
		\$ 168,470.00	\$ 55,738.89	\$ 330,263.22	\$ 286,471.00	\$ 286,471.00	\$ 286,471.00	\$ 1,046,036.62

BOROUGH OF FLORHAM PARK
WATER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 44,444.57
Increased by:		
Water Rents Levied	\$ 1,306,371.26	
Miscellaneous Fees Levied	482,929.08	
	<hr/>	<hr/>
		1,789,300.34
		1,833,744.91
Decreased by:		
Collections:		
Water Rents:		
Received	1,260,389.90	
Overpayments Applied	977.60	
Miscellaneous Fees	482,929.08	
	<hr/>	<hr/>
		1,744,296.58
Balance December 31, 2020	D	<u><u>\$ 89,448.33</u></u>

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 5,791,305.00
Balance December 31, 2020	D	<u>\$ 5,791,305.00</u>

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Balance	2020	Balance
	No.	Date	Dec. 31, 2019	Authorizations	Dec. 31, 2020
Iron and Maganese Removal Plant	06-17	06/28/05	\$ 7,800,000.00		\$ 7,800,000.00
Water Valve Replacements	13-6	5/28/2013	479,000.00		479,000.00
Various Water Improvements	17-15	9/21/2017	950,000.00		950,000.00
Replacement of Water Meters	19-05	03/21/19	650,000.00		650,000.00
Water Utility Vehicles	20-10	06/25/20		\$ 104,000.00	104,000.00
			<u>\$ 9,879,000.00</u>	<u>\$ 104,000.00</u>	<u>\$ 9,983,000.00</u>
			D		D

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

	<u>Balance Dec. 31, 2019</u>	<u>Balance After Modification</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Operating:				
Salaries and Wages	\$ 35.43	\$ 35.43		\$ 35.43
Other Expenses	142,281.08	142,281.08	\$ 140,861.55	1,419.53
	<u>\$ 142,316.51</u>	<u>\$ 142,316.51</u>	<u>\$ 140,861.55</u>	<u>\$ 1,454.96</u>

Ref.

Analysis of Balance December 31, 2019:

Appropriation Reserves:

Unencumbered	D	\$ 11,529.77
Encumbered	D	130,786.74
		<u>\$ 142,316.51</u>

Cash Disbursed	\$ 140,765.55
Accounts Payable	96.00
	<u>\$ 140,861.55</u>

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	No.	Date	Ordinance Amount	Balance Dec. 31, 2019		Paid or Charged	Balance Dec. 31, 2020	
				Funded	Unfunded		Funded	Unfunded
				2020 Authorizations				
							Capital Improvement Fund	
Iron & Manganese Removal Plant	06-17	5/31/2006	\$ 7,800,000.00	\$ 7,659,331.57			\$ 7,659,331.57	
Water Valve Replacements	13-06	5/28/2013	479,000.00	94,903.76			94,903.76	
Various Water Improvements	17-15	9/21/2017	950,000.00	345,613.93	\$ 330,263.22		15,350.71	
Replacement of Water Meters	19-05	03/21/19	650,000.00	600,000.00		\$ 50,000.00	600,000.00	
Water Utility Vehicles	20-10	06/25/20	104,000.00			104,000.00		
						\$ 50,000.00	104,000.00	
						\$ 330,263.22	\$ 154,000.00	\$ 8,369,586.04

Ref. D D D

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 185,675.73
Increased by:		
2020 Budget Appropriation		<u>104,000.00</u>
		289,675.73
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>104,000.00</u>
Balance December 31, 2020	D	<u><u>\$ 185,675.73</u></u>

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2019	D	\$ 5,820,705.00
Balance December 31, 2020	D	<u>\$ 5,820,705.00</u>

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Improvement Description</u>	<u>Ord. No.</u>	<u>Ordinance Date</u>	<u>Balance Dec. 31, 2019</u>	<u>2020 Authorizations</u>	<u>Paid for by Budget Appropriation</u>	<u>Balance Dec. 31, 2020</u>
Water Valve Replacements	13-06	5/28/2013	\$ 185,000.00		\$ 64,470.00	\$ 249,470.00
Various Water Improvements	17-15	9/21/2017	50,000.00			50,000.00
Acquisition of Equipment	19-05	3/21/2019	50,000.00			50,000.00
Water Utility Vehicles	20-10	6/25/2020		\$ 104,000.00		104,000.00
			<u>\$ 285,000.00</u>	<u>\$ 104,000.00</u>	<u>\$ 64,470.00</u>	<u>\$ 453,470.00</u>
	<u>Ref.</u>		D			D

**BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Improvement Description	Ord. No.	Ordinance	Date of				Interest Rate	Balance Dec. 31, 2019	Issued	Matured	Balance Dec. 31, 2020
			Issue of Original Note	Issue	Maturity						
Various Water Improvements	17-15	9/21/2017	12/21/2017	11/14/2019	11/14/2020	2.00%	\$ 900,000.00	\$ 900,000.00	\$ 900,000.00	\$ 900,000.00	
				11/12/2020	11/12/2021	1.50%					
Acquisition of Equipment	19-05	3/21/2019	11/14/2019	11/14/2019	11/14/2020	2.00%	600,000.00	600,000.00	600,000.00	600,000.00	
				11/12/2020	11/12/2021	1.50%					
							<u>\$ 1,500,000.00</u>	<u>\$ 1,500,000.00</u>	<u>\$ 1,500,000.00</u>	<u>\$ 1,500,000.00</u>	
							Ref.	D	D	D	
							Renewals	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,500,000.00	
							\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,500,000.00	\$ 1,500,000.00	

BOROUGH OF FLORHAM PARK
WATER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

<u>Ordinance Date</u>	<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2019</u>	<u>Paid for by Budget Appropriation</u>	<u>Balance Dec. 31, 2020</u>
5/31/2006	06-17	Iron and Manganese Removal Plant	\$ 7,800,000.00		\$ 7,800,000.00
5/28/2013	13-06	Water Valve Replacement	264,600.00	\$ 64,470.00	200,130.00
			<u>\$ 8,064,600.00</u>	<u>\$ 64,470.00</u>	<u>\$ 8,000,130.00</u>

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
SEWER UTILITY FUND

BOROUGH OF FLORHAM PARK
SEWER UTILITY FUND
SCHEDULE OF CASH AND INVESTMENTS - TREASURER

	Ref.	Operating	Trust	Capital
Balance December 31, 2019	E	\$ 6,071,978.94	\$ 49,323.11	\$ 6,093,755.57
Increased by Receipts:				
Sewer User Charges		\$ 3,224,564.99		
Sewer User Prepayments		545,503.98		\$ 360,814.68
Reserve for Sewer Extensions				650,000.00
Budget Appropriation:				10,463.41
Capital Improvement Fund		163,496.96		
Miscellaneous Revenue				
Premium on Bond Anticipation Notes				
Due Water Utility Operating Fund:				
Interfund Returned		1,192.80		
Due Sewer Utility Capital Fund:				
Prior Year Interfund Returned		9,894.21		
Interest Earned		42,572.91		44,032.88
Interest Earned:			\$ 86.19	
Escrow Deposits				
Interest on Investments		30,030.49		
		<u>4,017,256.34</u>	<u>86.19</u>	<u>1,065,310.97</u>
		10,089,235.28	49,409.30	7,159,066.54
Decreased by Disbursements:				
2020 Appropriation Expenditures		3,881,596.36		
2019 Appropriation Reserve Expenditures		269,743.37		
Accrued Interest on Loans		24,825.00		
Accrued Interest on Notes		23,499.99		
Fund Balance Anticipated in Current Fund		310,000.00		
Due Water Utility Operating Fund:				
Interfund Returned		638.80		
Due Sewer Utility Operating Fund:				
Interfund Returned				9,894.21
Interest Earned				42,572.91
Due from Current Fund:				
Interfund Returned		4,086.95		
Improvement Authorizations				161,568.14
		<u>4,514,390.47</u>		<u>214,035.26</u>
Balance December 31, 2020	E	<u>\$ 5,574,844.81</u>	<u>\$ 49,409.30</u>	<u>\$ 6,945,031.28</u>

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

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 114,465.89
Increased by:		
Sewer Rents Levied		3,899,890.58
		4,014,356.47
Decreased by:		
Collections:		
Sewer User Charges Received	\$	3,224,564.99
Prepayments Applied		617,692.40
Overpayments Applied		9,643.41
		3,851,900.80
Balance December 31, 2020	E	\$ 162,455.67

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 17,048,837.00
Balance December 31, 2020	E	<u>\$ 17,048,837.00</u>

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Amount	Balance	
	No.	Date		Dec. 31, 2019	Dec. 31, 2020
Installation of a Chemical Phosphorus System, Repairs, and Various Sewer Improvements	17-3	2/16/2017	\$ 500,000.00	\$ 500,000.00	\$ 500,000.00
Sewer Line Repairs & Various Improvements	17-14	9/21/2017	2,175,000.00	2,175,000.00	2,175,000.00
Various Improvements	19-11	6/13/2019	1,645,000.00	1,645,000.00	1,645,000.00
				<u>\$ 4,320,000.00</u>	<u>\$ 4,320,000.00</u>

Ref. E E

BOROUGH OF FLORHAM PARK
SEWER UTILITY OPERATING FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2020

	Balance Dec. 31, 2019	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 2.33	\$ 2.33		\$ 2.33
Other Expenses	298,150.87	298,150.87	\$ 289,343.37	8,807.50
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	85.00	85.00		85.00
	\$ 298,238.20	\$ 298,238.20	\$ 289,343.37	\$ 8,894.83

Ref.

Cash Disbursed	\$ 269,743.37
Contracts Payable	19,600.00
	\$ 289,343.37

Analysis of Balance December 31, 2019:

Appropriation Reserves:		
Unencumbered	E	\$ 117,415.22
Encumbered	E	180,822.98
		\$ 298,238.20

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Improvement Description	Ordinance		Amount	Balance Dec. 31, 2019		Paid or Charged	Balance Dec. 31, 2020	
	No.	Date		Funded	Unfunded		Funded	Unfunded
Installation of a Chemical Phosphorus System, Repairs, and Various Sewer Improvements	17-3	2/16/2017	\$ 500,000.00	\$ 219,392.22		\$ 219,392.22		
Sewer Line Repairs & Various Improvements	17-14	9/21/2017	2,175,000.00	178,991.71	\$ 1,175,000.00	232,991.71	\$ 1,121,000.00	
Various Improvements	19-11	6/13/2019	1,645,000.00	1,567,000.00		\$ 161,568.14	1,405,431.86	
				\$ 1,965,383.93	\$ 1,175,000.00	\$ 161,568.14	\$ 1,857,815.79	\$ 1,121,000.00
				<u>Ref.</u>	E	E	E	E

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019		\$ -0-
Increased by:		
Budget Appropriations	E	<u>650,000.00</u>
Balance December 31, 2020	E	<u>\$ 650,000.00</u>

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 16,062,159.97
Increased by:		
Paid by Sewer Utility Operating Budget:		
Loans		<u>155,749.01</u>
Balance December 31, 2020	E	<u>\$ 16,217,908.98</u>

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

Improvement Description	Ord. No.	Ordinance Date	Balance Dec. 31, 2019	Paid by Budget Appropriation	Balance Dec. 31, 2020
Installation of a Chemical Phosphorus System, Repairs, and Various Sewer Improvements	17-3	2/16/2017	\$ 500,000.00		\$ 500,000.00
Sewer Line Repairs & Various Improvements	17-14	9/21/2017	1,000,000.00	\$ 54,000.00	1,054,000.00
Various Improvements	19-11	6/13/2020	1,645,000.00		1,645,000.00
			<u>\$ 3,145,000.00</u>	<u>\$ 54,000.00</u>	<u>\$ 3,199,000.00</u>

Ref.

E

E

**BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE**

Ordinance Number	Improvement Description	Date of			Interest Rate	Balance Dec. 31, 2019	Issued	Matured	Balance Dec. 31, 2020
		Original Issue	Issue	Maturity					
17-14	Sewer Line Repairs & Various Improvements	12/21/17	11/14/19	11/14/20	2.00%	\$ 1,175,000.00		\$ 1,175,000.00	\$ 1,121,000.00
			11/12/20	11/12/21	1.50%		\$ 1,121,000.00		
						<u>\$ 1,175,000.00</u>	<u>\$ 1,121,000.00</u>	<u>\$ 1,175,000.00</u>	<u>\$ 1,121,000.00</u>
				<u>Ref.</u>	E				E

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN PAYABLE

	<u>Ref.</u>	
Balance December 31, 2019	E	\$ 986,675.79
Decreased by:		
Matured		<u>155,749.01</u>
Balance December 31, 2020	E	<u>\$ 830,926.78</u>

Analysis of Loan Outstanding December 31, 2020

Due	Interest Rate	Trust		Fund Principal	Balance of
		Interest	Principal		Loan
					\$ 830,926.78
2021	4.375%	\$ 21,000.00	\$ 90,000.00	\$ 71,505.94	669,420.84
2022	4.375%	17,062.50	90,000.00	68,969.41	510,451.43
2023	4.375%	13,125.00	95,000.00	69,653.87	345,797.56
2024	4.375%	8,968.75	100,000.00	70,197.41	175,600.15
2025	4.375%	4,593.75	105,000.00	70,600.15	-0-
		\$ 64,750.00	\$ 480,000.00	\$ 350,926.78	

BOROUGH OF FLORHAM PARK
SEWER UTILITY CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
COUNTY OF MORRIS
2020
POOL UTILITY FUND

BOROUGH OF FLORHAM PARK
POOL UTILITY FUND
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2019	F	\$ 211,155.83	\$ 215,346.53
Increased by Receipts:			
Pool Utility Collector		\$ 99,391.00	
Due Pool Utility Capital Fund:			
Interest Earned		1,775.65	
Interest Earned		1,533.32	
Due Pool Utility Operating Fund:			
Interest Earned			\$ 1,526.35
		<u>102,699.97</u>	<u>1,526.35</u>
		313,855.80	216,872.88
Decreased by Disbursements:			
2020 Appropriation Expenditures		148,299.88	
Due Pool Utility Operating Fund:			
Interest Earned			1,775.65
		<u>148,299.88</u>	<u>1,775.65</u>
Balance December 31, 2020	F	<u>\$ 165,555.92</u>	<u>\$ 215,097.23</u>

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

Increased by Receipts:

Consumer Accounts Receivable:

Pool User Charges	\$ 72,131.00
Miscellaneous Revenue	27,260.00
	<hr/>
	99,391.00

Decreased by Disbursements:

Paid to Treasurer	<u><u>\$ 99,391.00</u></u>
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BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
ANALYSIS OF CASH

	<u>Balance/ (Deficit) Dec. 31, 2019</u>	<u>Receipts Miscellaneous</u>	<u>Disbursements Miscellaneous</u>	<u>Balance/ (Deficit) Dec. 31, 2020</u>
Fund Balance	\$ 66,307.37			\$ 66,307.37
Capital Improvement Fund	156,961.00			156,961.00
Due Pool Utility Operating Fund	295.61	\$ 1,526.35	\$ 1,775.65	46.31
<u>Ord. Date</u>	<u>Ord. No.</u>	<u>Improvement Authorizations</u>		
3/14/2006	06-07	Various Improvements to Swimming Pool		
		(8,217.45)		(8,217.45)
		<u>\$ 215,346.53</u>	<u>\$ 1,526.35</u>	<u>\$ 1,775.65</u>
				<u>\$ 215,097.23</u>

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

Ref.

Increased by:

Pool Fees Levied	\$ 72,131.00	
Miscellaneous Fees Levied	27,260.00	
		\$ 99,391.00

Decreased by:

Collections:		
Pool User Charges Received	72,131.00	
Miscellaneous Fees	27,260.00	
		\$ 99,391.00

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL
YEAR ENDED DECEMBER 31, 2020

	<u>Ref.</u>	
Balance December 31, 2019	F	<u>\$ 1,360,687.45</u>
Balance December 31, 2020	F	<u><u>\$ 1,360,687.45</u></u>

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
POOL UTILITY OPERATING FUND
SCHEDULE OF 2019 APPROPRIATION RESERVES
YEAR ENDED DECEMBER 31, 2020

	<u>Balance Dec. 31, 2019</u>	<u>Balance After Modification</u>	<u>Balance Lapsed</u>
Operating:			
Other Expenses	\$ 1,548.75	\$ 1,548.75	\$ 1,548.75
	<u>\$ 1,548.75</u>	<u>\$ 1,548.75</u>	<u>\$ 1,548.75</u>

Ref.

Analysis of Balance December 31, 2019:

Appropriation Reserves:		
Unencumbered	F	\$ 1,548.75
		<u>\$ 1,548.75</u>

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2019	F	<u>\$ 156,961.00</u>
Balance December 31, 2020	F	<u><u>\$ 156,961.00</u></u>

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2019	F	<u>\$ 1,352,470.00</u>
Balance December 31, 2020	F	<u><u>\$ 1,352,470.00</u></u>

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

BOROUGH OF FLORHAM PARK
POOL UTILITY CAPITAL FUND
SCHEDULE OF SERIAL BONDS PAYABLE
YEAR ENDED DECEMBER 31, 2020

NOT APPLICABLE

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

<u>Ordinance Date</u>	<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2019</u>	<u>Balance Dec. 31, 2020</u>
3/14/2006	06-07	Various Improvements to Swimming Pool	\$ 8,217.45	\$ 8,217.45
			<u>\$ 8,217.45</u>	<u>\$ 8,217.45</u>

BOROUGH OF FLORHAM PARK

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2020

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

Name of Federal Agency or Department	Name of Program	C.F.D.A. Account Number	State Pass Through Entity ID	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amounts Provided to Subrecipients
				From	To					
U.S. Department of Justice	Bullet Proof Vest Program	16.607	05-1020-066-718-001	01/01/20	12/31/21	\$ 3,463.65	\$ 2,458.40	\$ 1,972.12	\$ 1,972.12	
Total Department of Justice				01/01/20	12/31/21	2,458.40	2,458.40	1,972.12	1,972.12	
Department of Transportation (Passed through New Jersey Department of Transportation)	Ridgedale Avenue & Briarwood Road	20.205	N/A	02/02/20	12/31/20	350,000.00		130,837.10	130,837.10	
Total Department of Transportation								130,837.10	130,837.10	
U.S. Department of Homeland Security (Passed through the Department of Law and Public Safety)	Disaster Grants - Public Assistance - F.E.M.A	97.036	N/A	03/06/18	03/07/18	153,693.73	153,693.73 *	153,693.73 *	153,693.73 *	
	Emergency Management Performance Grant - Non Terrorism	97.042	N/A	01/01/20	12/31/20	10,000.00	10,000.00	10,000.00	10,000.00	
Total U.S. Department of Homeland Security								163,693.73	163,693.73	
Total Federal Awards							\$ 166,152.13	\$ 296,502.95	\$ 296,502.95	\$ -0-

N/A - Not Available

* Funds expended in the prior year

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

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

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period From	Grant Period To	Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
Department of Environmental Protection	Clean Communities	765-042-4900-004-Y42Y-6020	01/01/20	12/31/20	\$ 21,265.84 44,561.00	\$ 21,265.84	\$ 21,265.84	\$ 21,265.84
	Total Clean Communities					21,265.84	21,265.84	21,265.84
	Recycling Tonnage Grant	752-042-4900-001-6010	01/01/20	12/31/21	50,635.46		16,441.80	16,441.80
	Total Recycling Tonnage Grant						16,441.80	16,441.80
Total Department of Environmental Protection						21,265.84	37,707.64	37,707.64
Department of Law and Public Safety	Body Armor Grant	718-066-1020-001-YCJS-6010	01/01/19 01/01/20	12/31/20 12/31/20	4,717.75 3,185.90	3,185.90	2,659.58 3,185.90	4,717.75 3,185.90
	Total Body Armor Grant					3,185.90	5,845.48	3,185.90
	Drunk Driving Enforcement Fund	100-078-6400-260-6010	01/01/17	12/31/21	3,949.70		925.08	1,245.08
	Total Drunk Driving Enforcement Fund						925.08	1,245.08
Total Department of Law and Public Safety						3,185.90	6,770.56	4,430.98
Department of Health and Senior Services	Alcohol Education Rehabilitation Fund	760-098-9735-789-6010	01/01/20	12/31/21	4,000.99	4,000.99		
	Emergency Management Performance					4,000.99		
	Total Alcohol Education Rehabilitation Fund					4,000.99		
Total Department of Health and Senior Services								
Total State Awards					\$ 28,452.73	\$ 44,478.20	\$ 42,138.62	
N/A - Not Available								

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

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

Note 1. BASIS OF PRESENTATION

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

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

Note 4. STATE LOANS OUTSTANDING

The Borough of Florham Park has the following loan outstanding as of December 31, 2020:

New Jersey Environmental Infrastructure Trust Loan	\$ 830,926.78
--	---------------

The Borough entered into an agreement with the New Jersey Environmental Infrastructure Trust in October 2005 for the amount of \$2,375,000, to finance a portion of the sewer improvement project. Currently, the Borough is in the process of repaying the loan balance. There were no loan receipts or expenditures in the current year. The project which relates to the loan is complete.

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

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Florham Park, in the County of Morris (the "Borough") as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 25, 2021. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2020-001, that we consider to be a significant deficiency.

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

Compliance and Other Matters

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

The Borough's Response to the Finding

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

Purpose of this Report

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

June 25, 2021
Mount Arlington, New Jersey

NISIVOCCIA LLP



Raymond A. Sarinelli
Certified Public Accountant
Registered Municipal Accountant No. 563

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

Summary of Auditors' Results:

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

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

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

Finding 2020-001

Segregation of Duties

Criteria

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

Condition

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

The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collections of taxes and permit and license fees; and recording of collections. Also, the reconciliation of bank accounts, the preparation of the general ledger for the various funds as well as the preparation of payroll are performed by one person, the Chief Financial Officer.

Condition

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

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

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

Finding 2020-001 (Cont'd)

Effect or Potential Effect

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

Recommendation

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

Management's Response

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

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not applicable since state expenditures were below the single audit threshold.

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

The Borough's prior year audit finding 2019-001 regarding segregation of duties has not been completely resolved due to budgetary constraints and is included as finding 2020-001.

BOROUGH OF FLORHAM PARK

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

BOROUGH OF FLORHAM PARK

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

BOROUGH OF FLORHAM PARK
COMMENTS AND RECOMMENDATIONS

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

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

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

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

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

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

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

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

BOROUGH OF FLORHAM PARK
COMMENTS AND RECOMMENDATIONS
(Continued)

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

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

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

Collection of Interest on Delinquent Taxes

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

On January 1, 2020, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes:

"The interest penalty for delinquent taxes to be charged by the Chief Revenue Collector for tax payment delinquencies shall be 8% per annum of the first \$1,500 (tax bill) and 18% per annum on any amount in excess of \$1,500 payable from tax due dates. A penalty of up to 6% may be charged on any delinquency in excess of \$10,000 if not paid by the end of the fiscal year."

"No interest shall be charged if payment of any installment is made within ten (10) days after the date on which same is payable, said ten (10) days to be straight calendar days and if the tenth day falls on a Saturday, Sunday or Legal Holiday, then the grace period shall be extended to the next business day. After the ten (10) day "GRACE PERIOD", interest is charged from the due date."

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

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 19, 2020, and included all items which were eligible for sale.

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

Year	Number of Liens
2020	4
2019	3
2018	2

BOROUGH OF FLORHAM PARK
COMMENTS AND RECOMMENDATIONS
(Continued)

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payments of 2021 & 2020 Taxes	20
Payments of Utility Charges	20
Delinquent Taxes	15
Delinquent Utility Charges	20
Tax Title Liens	1

New Jersey Administrative Code Accounting Requirements

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

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

The Borough is currently in compliance with the above accounting requirements.

Accounting Procedures:

During the course of our audit testing, we noted several instances where purchases were made prior to the preparation and approval of purchase orders. It was also noted that the Borough is making purchases with a credit card. It is recommended that the Borough discontinue use of credit card purchases, and ensure purchase orders are prepared and approved prior to the goods or services to ensure the availability of funds.

Management Response:

All purchase orders will be prepared and approved prior to the purchase of goods or services to ensure the availability of funds. The Borough will make every effort to discontinue use of credit cards.

Municipal Court

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

BOROUGH OF FLORHAM PARK
COMMENTS AND RECOMMENDATIONS
(Continued)

Municipal Court (Cont'd)

	Balance Dec. 31, 2019	Receipts	Disbursements	Balance Dec. 31, 2020
State of New Jersey	\$ 9,352.86	\$ 47,044.70	\$ 52,177.77	\$ 4,219.79
County of Morris	9,240.50	44,668.07	50,296.57	3,612.00
Municipality	16,959.96	85,781.02	96,659.40	6,081.58
Municipality - POAA	2.00	22.00	24.00	
Conditional Discharge	75.00	75.00	150.00	
Weights and Measures	1,550.00	5,000.00	6,550.00	
Conditional Dismissal	150.00		150.00	
Public Defender		1,025.00	1,025.00	
Bail	1,980.00	2,905.00	4,585.00	300.00
	<u>\$ 39,310.32</u>	<u>\$ 186,520.79</u>	<u>\$ 211,617.74</u>	<u>\$ 14,213.37</u>

Management Suggestions

Improvement Authorizations

It is suggested that improvement authorizations in the Water Utility Capital Fund be reviewed and evaluated for completion, and that all improvement authorizations deemed to be complete have their respective balances cancelled to their original funding sources.

Effect on Internal Controls due to COVID-19

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

Sick and Vacation Leave

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

Status of Prior Year Recommendations

The prior year recommendation regarding segregation of duties has not been resolved and is included in the current year's report.

BOROUGH OF FLORHAM PARK
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties be maintained with respect to the recording and treasury functions.
2. The Borough discontinue use of credit card purchases, and ensure purchase orders are prepared and approved prior to the goods or services to ensure the availability of funds.

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