

*BOROUGH OF FLORHAM PARK*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2021*

*NISIVOCIA LLP*  
*CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF FLORHAM PARK

COUNTY OF MORRIS

REPORT OF AUDIT

2021

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BOROUGH OF FLORHAM PARK

PART I

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

#### ***Unmodified Opinions on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Borough as of December 31, 2021 and 2020, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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

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

#### ***Basis for Opinions***

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

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

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

The Honorable Mayor and Members  
of the Borough Council  
Borough of Florham Park  
Florham Park, New Jersey  
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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Florham Park  
Florham Park, New Jersey  
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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2022 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
June 2, 2022

NISIVOCCIA LLP

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

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
CURRENT FUND

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

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents	A-4	\$ 12,434,320.06	\$ 11,281,910.05
Due from State of New Jersey:			
Senior Citizen and Veteran Deductions		<u>7,324.74</u>	<u>8,324.74</u>
		<u>12,441,644.80</u>	<u>11,290,234.79</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	391,663.88	347,623.36
Tax Title Liens Receivable	A-8	36,260.53	32,438.13
Due from Federal and State Grant Fund	A	28.97	27.87
Due from Other Trust Funds	B		901.79
Due from General Capital Fund	C	601.29	331.82
Due from Animal Control Trust Fund	B	9,131.60	632.74
Due from Sewer Utility Operating Fund	E	935.52	
Due from Water Utility Operating Fund	D	54.35	
Due from Payroll Account		89.77	3,403.49
Due from Flexible Spending Account		17,400.00	
Revenue Accounts Receivable	A-9	<u>17,583.07</u>	<u>19,903.84</u>
Total Receivables and Other Assets with Full Reserves		<u>473,748.98</u>	<u>405,263.04</u>
Total Regular Fund		<u>12,915,393.78</u>	<u>11,695,497.83</u>
Federal and State Grant Fund:			
Cash and Cash Equivalents	A-6	129,036.63	91,875.30
Due from Water Utility Capital Fund	D	601,634.85	
Grants Receivable	A-10	<u>73,368.00</u>	
Total Federal and State Grant Fund		<u>804,039.48</u>	<u>91,875.30</u>
TOTAL ASSETS		<u>\$ 13,719,433.26</u>	<u>\$ 11,787,373.13</u>

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

		December 31,	
	Ref.	2021	2020
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 566,652.23	\$ 792,794.65
Unencumbered	A-3;A-11	838,109.01	633,275.74
		<u>1,404,761.24</u>	<u>1,426,070.39</u>
Accounts Payable - Vendors		35,744.57	
Due to Other Trust Funds	B	8,400.78	
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		450.00	225.00
State Training Fees		10,361.00	12,367.00
County PILOTS Payable		58,458.49	35,334.12
County Added and Omitted Taxes Payable		188,328.01	100,759.80
Prepaid Taxes		333,891.36	304,963.18
Prepaid UCC Permits			400,000.00
Tax Overpayments		83,596.02	94,210.51
Due to Flexible Spending Account			2,000.00
Reserve for:			
Pending Tax Appeals		5,558,079.89	5,394,214.89
Contingencies		25,000.00	25,000.00
		<u>7,707,071.36</u>	<u>7,800,729.46</u>
Reserve for Receivables and Other Assets	A	473,748.98	405,263.04
Fund Balance	A-1	4,734,573.44	3,489,505.33
		<u>12,915,393.78</u>	<u>11,695,497.83</u>
Total Regular Fund			
Federal and State Grant Fund:			
Appropriated Reserves:			
Unencumbered	A-14	125,826.88	91,217.44
Encumbered		73,368.00	
Unappropriated Reserves	A-15	604,815.63	629.99
Due to Current Fund	A	28.97	27.87
		<u>804,039.48</u>	<u>91,875.30</u>
Total Federal and State Grant Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 13,719,433.26</u>	<u>\$ 11,787,373.13</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**

		Year Ended December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	2,400,000.00	\$ 2,664,000.00
Miscellaneous Revenue Anticipated		4,889,180.37	4,483,956.91
Receipts from:			
Delinquent Taxes		357,711.85	290,782.34
Current Taxes		58,108,144.29	55,085,829.57
Nonbudget Revenue		509,397.23	398,772.90
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		446,721.27	208,145.95
Interfunds Returned		5,297.71	6,370.01
Total Income		<u>66,716,452.72</u>	<u>63,137,857.68</u>
<u>Expenditures</u>			
Budget and Emergency Appropriations:			
Municipal Purposes		21,263,007.29	20,273,418.21
County Taxes		9,824,574.82	9,536,536.85
Local School District Taxes		21,083,103.00	20,208,133.00
Regional High School Taxes		10,871,958.00	10,166,286.00
Prior Year Senior Citizens' Deductions Disallowed		500.00	73.60
Interfunds Advanced		28,241.50	5,297.71
Total Expenditures		<u>63,071,384.61</u>	<u>60,189,745.37</u>
Excess in Revenue		3,645,068.11	2,948,112.31
<u>Fund Balance</u>			
Balance January 1		<u>3,489,505.33</u>	<u>3,205,393.02</u>
		7,134,573.44	6,153,505.33
Decreased by:			
Utilized as Anticipated Revenue		<u>2,400,000.00</u>	<u>2,664,000.00</u>
Balance December 31	A	<u>\$ 4,734,573.44</u>	<u>\$ 3,489,505.33</u>

**BOROUGH OF FLORHAM PARK**  
**CURRENT FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	Budget	Added by NJSA 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 2,400,000.00		\$ 2,400,000.00	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	18,000.00		18,064.00	\$ 64.00
Other	46,000.00		58,073.08	12,073.08
Fees and Permits - Other	145,000.00		92,936.45	52,063.55 *
Fines and Costs - Municipal Court	80,000.00		124,572.90	44,572.90
Interest and Costs on Taxes	90,000.00		94,047.96	4,047.96
Interest on Investments and Deposits	105,000.00		127,454.69	22,454.69
Payments in Lieu of Taxes	464,665.00		439,363.07	25,301.93 *
Park Avenue Club Contribution	50,000.00		50,000.00	
Energy Receipts Tax	1,028,158.00		1,028,158.00	
Uniform Construction Code Fees	1,400,000.00		1,984,171.00	584,171.00
Recycling Tonnage Grant	12,204.97		12,204.97	
Clean Communities Program		\$ 22,632.56	22,632.56	
Drunk Driving Enforcement Fund	4,285.91		4,285.91	
Morris County Little Red School House		15,400.00	15,400.00	
Body Armor Replacement Fund	2,464.25		2,464.25	
Body Worn Camera Assistance Grant		73,368.00	73,368.00	
Bullet Proof Vest Partnership Grant	630.00		630.00	
EMAA Grant		10,000.00	10,000.00	
Uniform Fire Safety Act	155,000.00		170,304.78	15,304.78
Hotel Occupancy Tax	260,000.00		217,420.44	42,579.56 *
Sewer Utility Operating Surplus	235,000.00		235,000.00	
Outside Detail - Administrative Fees	20,000.00		20,000.00	
School Resource Officer Revenue	124,000.00		88,628.31	35,371.69 *
	4,240,408.13	121,400.56	4,889,180.37	527,371.68
Receipt from Delinquent Taxes	237,300.00		357,211.85	119,911.85
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	14,619,539.60		16,684,149.47	2,064,609.87
Minimum Library Tax	1,199,599.00		1,199,599.00	
Total Amount to be Raised by Taxes	15,819,138.60		17,883,748.47	2,064,609.87
Budget Totals	22,696,846.73	121,400.56	25,530,140.69	\$ 2,711,893.40
Nonbudget Revenue			509,397.23	
	\$ 22,696,846.73	\$ 121,400.56	\$ 26,039,537.92	

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

Allocation of Current Tax Collections:

Revenue from Collection of Current Taxes	\$ 58,108,144.29
Allocated to County, Local School District, Regional High School and Local Open Space Taxes	<u>41,779,635.82</u>
Balance for Support of Municipal Budget	16,328,508.47
 Add: Appropriation "Reserve for Uncollected Taxes"	 <u>1,555,240.00</u>
 Realized for Support of Municipal Budget	 <u><u>\$ 17,883,748.47</u></u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	\$ 357,211.85
 Realized for Support of Municipal Budget	 <u><u>\$ 357,211.85</u></u>

Analysis of Interest on Investments Collected:

Collected in Current Fund	\$ 125,965.44	
Due from:		
Federal and State Grant Fund	28.97	
Other Trust Fund	769.22	
General Capital Fund	601.29	
Payroll Account	<u>89.77</u>	
		<u><u>\$ 127,454.69</u></u>

Analysis of Nonbudget Revenue:

Miscellaneous Revenue Not Anticipated:		
Treasurer:		
Copies	\$ 20.09	
Cablevision Franchise Fees	183,093.32	
State of New Jersey:		
Motor Vehicle Inspections	1,365.00	
Senior Citizens' and Veterans' Deductions Administrative Reimbursement	1,294.81	
Marriage Fees	252.00	
Sale of Assets	81,192.46	
Local Government Emergency Fund - COVID-19	137,000.00	
Other Miscellaneous Revenue	<u>96,047.95</u>	
		500,265.63
Statutory Excess in Animal Control Trust Fund		<u>9,131.60</u>
		<u><u>\$ 509,397.23</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, 2021**

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
LAND USE ADMINISTRATION:				
General Administration:				
Salaries and Wages	\$ 163,715.00	\$ 183,715.00	\$ 178,019.74	\$ 5,695.26
Other Expenses	26,500.00	26,500.00	18,762.77	7,737.23
Mayor and Council:				
Other Expenses	27,000.00	17,000.00	8,309.17	8,690.83
Municipal Clerk:				
Salaries and Wages	193,240.00	193,240.00	190,730.48	2,509.52
Other Expenses	67,350.00	61,350.00	43,615.90	17,734.10
Financial Administration:				
Salaries and Wages	80,090.00	80,090.00	75,610.63	4,479.37
Other Expenses	40,710.00	40,710.00	34,270.17	6,439.83
Annual Audit	22,450.00	22,450.00	22,450.00	
Revenue Administration (Tax Collection):				
Salaries and Wages	83,440.00	83,440.00	81,806.03	1,633.97
Other Expenses	8,580.00	8,580.00	4,833.81	3,746.19
Tax Assessment Administration:				
Salaries and Wages	72,115.00	72,115.00	72,113.80	1.20
Other Expenses	85,880.00	65,880.00	49,876.31	16,003.69
Legal Services and Costs:				
Other Expenses	163,500.00	163,500.00	122,503.58	40,996.42
Engineering Services and Costs:				
Salaries and Wages	39,190.00	39,190.00	36,243.44	2,946.56
Other Expenses	82,350.00	82,350.00	82,350.00	
Historic Commission:				
Other Expenses	5,500.00	5,500.00	5,491.81	8.19

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
LAND USE ADMINISTRATION (Cont'd):				
Planning Board:				
Salaries and Wages	\$ 25,325.00	\$ 25,325.00	\$ 24,676.60	\$ 648.40
Other Expenses	72,840.00	32,840.00	11,979.38	20,860.62
Board of Adjustment:				
Salaries and Wages	11,285.00	11,285.00	10,635.38	649.62
Other Expenses	21,360.00	14,360.00	4,568.32	9,791.68
Municipal Court:				
Salaries and Wages	125,870.00	105,870.00	105,000.00	870.00
Other Expenses	11,500.00	11,500.00	3,753.28	7,746.72
Public Defender:				
Salaries and Wages	7,500.00	7,500.00	7,500.00	
PUBLIC SAFETY:				
Police:				
Salaries and Wages	4,507,975.00	4,358,465.00	4,279,788.31	78,676.69
Other Expenses	329,200.00	312,200.00	270,112.54	42,087.46
Police Vehicles:				
Other Expenses	99,928.00	99,928.00	84,406.20	15,521.80
Municipal Prosecutor:				
Salaries and Wages	25,000.00	25,000.00	25,000.00	
Emergency Management Services:				
Other Expenses	15,000.00	15,000.00	15,000.00	
Fire:				
Salaries and Wages	28,880.00	28,880.00	27,443.34	1,436.66
Other Expenses	142,900.00	99,900.00	92,578.75	7,321.25
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, 2021**  
**(Continued)**

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
PUBLIC SAFETY (Cont'd):				
Fire Safety:				
Salaries and Wages	\$ 130,975.00	\$ 130,975.00	\$ 114,620.47	\$ 16,354.53
Other Expenses	16,220.00	16,220.00	4,762.73	11,457.27
Contribution to Volunteer Fire Department:				
Other Expenses	30,000.00	30,000.00	27,700.00	2,300.00
PUBLIC WORKS:				
Road Repairs and Maintenance:				
Salaries and Wages	713,230.00	713,230.00	707,872.49	5,357.51
Other Expenses	263,250.00	263,250.00	221,972.06	41,277.94
DPW and Other Public Works:				
Salaries and Wages	125,135.00	125,135.00	113,243.49	11,891.51
DPW Solid Waste Collection:				
Other Expenses	216,000.00	216,000.00	183,089.40	32,910.60
DPW Buildings and Grounds:				
Salaries and Wages	785,655.00	785,655.00	718,259.84	67,395.16
Other Expenses	200,215.00	200,215.00	196,329.97	3,885.03
DPW Vehicle Maintenance:				
Salaries and Wages	203,210.00	203,210.00	140,455.11	62,754.89
Other Expenses	91,650.00	91,650.00	72,321.15	19,328.85
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	66,875.00	66,875.00	66,874.45	0.55
Other Expenses	156,505.00	176,005.00	174,324.02	1,680.98
Environmental Commission:				
Other Expenses	26,000.00	26,000.00	23,919.83	2,080.17

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
HEALTH AND HUMAN SERVICES (Cont'd):				
Social Services:				
Other Expenses	\$ 16,500.00	\$ 16,500.00	\$ 16,495.50	\$ 4.50
RECREATION AND EDUCATION:				
Recreation:				
Salaries and Wages	131,575.00	121,575.00	113,364.25	8,210.75
Other Expenses	82,125.00	67,125.00	57,382.96	9,742.04
Public Events:				
Other Expenses	5,500.00	5,500.00	5,500.00	
Condo Services:				
Other Expenses	65,000.00	65,000.00	55,638.11	9,361.89
INSURANCES:				
Workers' Compensation Insurance	207,650.00	207,650.00	206,127.29	1,522.71
Liability Insurance	161,689.00	149,389.00	149,389.00	
Group Insurance for Employees	2,380,260.00	2,632,260.00	2,621,260.16	10,999.84
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	590,535.00	590,535.00	561,830.79	28,704.21
Other Expenses	308,180.00	464,180.00	446,663.63	17,516.37
UTILITIES:				
Bulk Utilities	697,500.00	697,500.00	634,551.22	62,948.78
Total Operations Within "CAPS"	14,282,607.00	14,382,597.00	13,650,677.66	731,919.34
Contingent	10,000.00	10,000.00		10,000.00
Total Operations including Contingent within "CAPS"	14,292,607.00	14,392,597.00	13,650,677.66	741,919.34

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Detail:				
Salaries and Wages	\$ 8,110,815.00	\$ 7,951,305.00	\$ 7,651,088.64	\$ 300,216.36
Other Expenses	6,181,792.00	6,441,292.00	5,999,589.02	441,702.98
Deferred Charges & Statutory Expenditures - Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	368,532.60	368,532.60	350,414.10	18,118.50
Social Security System (O.A.S.I.)	445,625.00	345,625.00	313,343.70	32,281.30
Police and Firemen's Retirement System of NJ	1,221,392.00	1,221,392.00	1,221,392.00	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	2,035,549.60	1,935,549.60	1,885,149.80	50,399.80
Total General Appropriations for Municipal Purposes Within "CAPS"	16,328,156.60	16,328,146.60	15,535,827.46	792,319.14
Operations Excluded from "CAPS":				
Maintenance of Free Public Library	1,199,600.00	1,199,600.00	1,184,810.13	14,789.87
LOSAP - Other Expenses	31,000.00	31,000.00		31,000.00
Reserve for Tax Appeals	163,865.00	163,865.00	163,865.00	
Public and Private Programs Offset by Revenue:				
Recycling Tonnage Grant	12,204.97	12,204.97	12,204.97	
Drunk Driving Enforcement Fund	4,285.91	4,285.91	4,285.91	
Morris County Little Red School House (NJSA40A:4-87 \$15,400.00)		15,400.00	15,400.00	
Body Armor Replacement Fund	2,464.25	2,464.25	2,464.25	
Clean Communities Grant (NJSA40A:4-87 \$22,632.56)		22,632.56	22,632.56	
Body Worn Camera Assistance Grant (NJSA40A:4-87 \$73,368.00)		73,368.00	73,368.00	
EMAA Grant (NJSA40A:4-87 \$10,000.00)		10,000.00	10,000.00	
Bullet Proof Vest Grant	630.00	630.00	630.00	
Total Operations Excluded from "CAPS"	1,414,050.13	1,535,450.69	1,489,660.82	45,789.87



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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Detail:				
Other Expenses	\$ 1,414,050.13	\$ 1,535,450.69	\$ 1,489,660.82	\$ 45,789.87
Capital Improvements - Excluded from "CAPS":				
Capital Improvement Fund	2,207,000.00	2,207,000.00	2,207,000.00	
Total Capital Improvements - Excluded from "CAPS"	2,207,000.00	2,207,000.00	2,207,000.00	
Municipal Debt Service - Excluded from "CAPS":				
Payment of Bond Principal	920,000.00	920,000.00	920,000.00	
Interest on Bonds	272,410.00	272,410.00	272,410.00	
Total Municipal Debt Service - Excluded from "CAPS"	1,192,410.00	1,192,410.00	1,192,410.00	

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

	Appropriation		Expended By	
	Budget	Budget After Modification	Paid or Charged	Reserved
Total General Appropriations - Excluded from "CAPS"	\$ 4,813,460.13	\$ 4,934,860.69	\$ 4,889,070.82	\$ 45,789.87
Subtotal General Appropriations	21,141,616.73	21,263,007.29	20,424,898.28	838,109.01
Reserve for Uncollected Taxes	1,555,230.00	1,555,240.00	1,555,240.00	
Total General Appropriations	\$ 22,696,846.73	\$ 22,818,247.29	\$ 21,980,138.28	\$ 838,109.01

Ref

A

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

	<u>Ref.</u>	Analysis of	
		<u>Budget After Modification</u>	<u>Paid or Charged</u>
Adopted Budget		\$ 22,696,846.73	
Added by NJSA 40A:4-87		121,400.56	
		<u>\$ 22,818,247.29</u>	
Reserve for Uncollected Taxes			\$ 1,555,240.00
Reserve for Encumbrances	A		566,652.23
Due Federal and State Grant Fund			140,985.69
Reserve for Pending Tax Appeals			163,865.00
Cash Disbursed			<u>20,418,957.67</u>
			22,845,700.59
Less: Appropriation Refunds Received			<u>865,562.31</u>
			<u>\$ 21,980,138.28</u>

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

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
TRUST FUNDS

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

		December 31,	
	Ref.	2021	2020
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-4	\$ 54,411.61	\$ 48,445.90
		54,411.61	48,445.90
Other Trust Funds:			
Cash and Cash Equivalents	B-4	8,794,545.00	7,499,716.32
Due from Current Fund	A	8,400.78	
		8,802,945.78	7,499,716.32
TOTAL ASSETS		\$ 8,857,357.39	\$ 7,548,162.22
<u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to Current Fund	A	\$ 9,131.60	\$ 632.74
Reserve for Animal Control Expenditures	B-6	40,330.61	42,912.36
Prepaid Dog Licenses		4,949.40	4,900.80
		54,411.61	48,445.90
Other Trust Funds:			
Due Current Fund	A		901.79
Reserve for:			
Escrow Deposits		949,476.48	1,025,380.43
Unemployment Insurance Fund		457,885.31	450,692.75
Police Forfeited Assets		20,062.97	14,177.07
Housing Trust		3,611,938.58	3,228,434.47
Tax Sale Premiums		413,700.00	124,000.00
Recycling		69,336.10	36,303.52
Fire Penalties		48,977.00	46,977.00
Accumulated Absences		990,540.65	1,002,546.71
Storm Recovery		479,099.67	483,199.67
Parking Offenses Adjudication Act		1,134.10	1,114.10
Recreation		348,329.89	289,354.65
Self Insurance		1,181,024.77	590,424.22
Insurance Deductible		70,000.00	70,000.00
Police Donations		1,425.70	3,801.85
Public Defender		5,096.08	3,046.08
Off Duty Police Officer		145,505.73	129,304.26
Various Miscellaneous Trust Funds		9,412.75	57.75
		8,802,945.78	7,499,716.32
TOTAL LIABILITIES AND RESERVES		\$ 8,857,357.39	\$ 7,548,162.22

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, 2021**

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, 2021**

NOT APPLICABLE

**ASSESSMENT TRUST FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
GENERAL CAPITAL FUND



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

		December 31,	
	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	C-2	\$ 2,705,495.26	\$ 1,459,273.71
Grants Receivable:			
New Jersey Department of Transportation		117,500.00	587,000.00
County of Morris Open Space Trust Fund		37,578.00	37,578.00
Morris County Interlocal Agreement		162,860.83	
Deferred Charges to Future Taxation:			
Funded		6,397,000.00	7,317,000.00
TOTAL ASSETS		<u>\$ 9,420,434.09</u>	<u>\$ 9,400,851.71</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	6,397,000.00	7,317,000.00
Improvement Authorizations:			
Funded	C-5	2,630,579.62	876,646.71
Due to Current Fund	A	601.29	331.82
Capital Improvement Fund	C-6	269,853.44	1,158,987.70
Reserve for:			
Gun Club		45,000.00	40,000.00
Payment of Debt Service		71,514.26	
Fund Balance	C-1	5,885.48	7,885.48
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		<u>\$ 9,420,434.09</u>	<u>\$ 9,400,851.71</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, 2020	C	\$ 7,885.48
Decrease by:		
Cancellation of Grants Receivable		<u>2,000.00</u>
Balance December 31, 2021	C	<u><u>\$ 5,885.48</u></u>

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

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
WATER UTILITY FUND

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

		December 31,	
	Ref.	2021	2020
<b><u>ASSETS</u></b>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	D-4	\$ 585,322.41	\$ 731,360.36
Due from Sewer Operating Fund	E	208.20	554.00
Due from Water Utility Capital Fund	D	682.69	223.35
Due from Current Fund	A		1,497.62
		<u>586,213.30</u>	<u>733,635.33</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	D-6	<u>85,067.44</u>	<u>89,448.33</u>
Total Receivables with Full Reserves		<u>85,067.44</u>	<u>89,448.33</u>
Total Operating Fund		<u>671,280.74</u>	<u>823,083.66</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	3,078,884.66	1,046,036.62
Fixed Capital	D-7	5,791,305.00	5,791,305.00
Fixed Capital Authorized and Uncompleted	D-8	<u>14,603,000.00</u>	<u>9,983,000.00</u>
Total Capital Fund		<u>23,473,189.66</u>	<u>16,820,341.62</u>
TOTAL ASSETS		<u><u>\$ 24,144,470.40</u></u>	<u><u>\$ 17,643,425.28</u></u>

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

		December 31,	
	Ref.	2021	2020
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	D-3;D-9	\$ 104,644.84	\$ 70,704.63
Encumbered	D-3;D-9	86,005.06	75,466.02
		<u>190,649.90</u>	<u>146,170.65</u>
Due to Current Fund	A	54.35	
Water Rent Overpayments		6,831.61	7,427.71
Accrued Interest on Notes		8,662.50	3,062.50
Accounts Payable		1,322.52	96.00
		<u>207,520.88</u>	<u>156,756.86</u>
Reserve for:			
Receivables	D	85,067.44	89,448.33
Fund Balance	D-1	378,692.42	576,878.47
		<u>671,280.74</u>	<u>823,083.66</u>
Total Operating Fund			
		<u>671,280.74</u>	<u>823,083.66</u>
Capital Fund:			
Bond Anticipation Notes	D-14	4,420,000.00	1,500,000.00
Improvement Authorizations:			
Funded	D-10	296,546.00	154,000.00
Unfunded	D-10	10,973,693.83	8,369,586.04
Due to Water Utility Operating Fund	D	682.69	223.35
Due to Federal and State Grant Fund	A	601,634.85	
Capital Improvement Fund	D-11	165,675.73	185,675.73
Reserve for Connection Fees		57,963.28	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	796,470.00	453,470.00
Fund Balance	D-1A	334,451.25	294,808.37
		<u>23,473,189.66</u>	<u>16,820,341.62</u>
Total Capital Fund			
		<u>23,473,189.66</u>	<u>16,820,341.62</u>
<b>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</b>		<u><u>\$ 24,144,470.40</u></u>	<u><u>\$ 17,643,425.28</u></u>

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,	
		2021	2020
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 400,000.00	\$ 400,000.00
Water Rents		1,256,608.47	1,261,367.50
Miscellaneous Revenue Anticipated		478,990.53	482,929.08
Miscellaneous Revenue Not Anticipated		3,991.46	7,982.24
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		32,223.49	1,454.96
Total Income		2,171,813.95	2,153,733.78
<u>Expenditures</u>			
Budget Appropriations:			
Operating		1,477,400.00	1,474,085.00
Capital Improvements		200,000.00	104,000.00
Debt Service		76,100.00	29,145.83
Deferred Charges and Statutory Expenditures		216,500.00	196,855.00
Refund of Prior Year Revenue			1,051.76
Total Expenditures		1,970,000.00	1,805,137.59
Excess in Revenues/Statutory Excess to Fund Balance		201,813.95	348,596.19
<u>Fund Balance</u>			
Balance January 1		576,878.47	628,282.28
		778,692.42	976,878.47
Decreased by:			
Utilized as Anticipated Revenue:			
Water Utility Operating Budget		400,000.00	400,000.00
Balance December 31	D	\$ 378,692.42	\$ 576,878.47

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, 2020	D	\$ 294,808.37
Increased by:		
Premium on Bond Anticipation Notes		<u>39,642.88</u>
Balance December 31, 2021	D	<u><u>\$ 334,451.25</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, 2021**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 400,000.00	\$ 400,000.00	
Water Rents	1,101,200.00	1,256,608.47	\$ 155,408.47
Miscellaneous Revenue	<u>480,000.00</u>	<u>478,990.53</u>	<u>1,009.47 *</u>
	1,981,200.00	2,135,599.00	154,399.00
Miscellaneous Revenue Not Anticipated		<u>3,991.46</u>	<u>3,991.46</u>
	<u><u>\$ 1,981,200.00</u></u>	<u><u>\$ 2,139,590.46</u></u>	<u><u>\$ 158,390.46</u></u>

Analysis of Water Rents

Collections	\$ 1,254,928.50	
Overpayments Applied	<u>1,679.97</u>	
		<u><u>\$ 1,256,608.47</u></u>

Analysis of Miscellaneous Revenue

Collector:		
Cellular Antenna Leases	\$ 462,832.17	
Miscellaneous Fees	<u>16,158.36</u>	
		<u><u>\$ 478,990.53</u></u>

Analysis of Miscellaneous Revenue Not Anticipated

Treasurer:		
Interest on Investments	\$ 1,200.72	
Interest on Investments - Water Utility Capital Fund	<u>2,790.74</u>	
		<u><u>\$ 3,991.46</u></u>



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

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 675,480.00	\$ 675,480.00	\$ 655,255.50	\$ 20,224.50	
Other Expenses	807,520.00	801,920.00	717,499.66	84,420.34	
Capital Improvements:					
Capital Improvement Fund	200,000.00	200,000.00	200,000.00		
Debt Service:					
Payment on Bond Anticipation Notes & Capital Notes	48,000.00	48,000.00	48,000.00		
Interest on Notes	33,700.00	39,300.00	28,100.00		\$ 11,200.00
Deferred Charges and Statutory Expenditures:					
Deferred Charges to Future Taxation- Ordinance #13-6	50,000.00	50,000.00	50,000.00		
Deferred Charges to Future Taxation- Ordinance #6-17	25,000.00	25,000.00	25,000.00		
Statutory Expenditures:					
Public Employees' Retirement System	90,000.00	90,000.00	90,000.00		
Contribution to Social Security System (O.A.S.I.)	51,500.00	51,500.00	51,500.00		
	<u>\$ 1,981,200.00</u>	<u>\$ 1,981,200.00</u>	<u>\$ 1,865,355.16</u>	<u>\$ 104,644.84</u>	<u>\$ 11,200.00</u>

Ref.

D

Cash Disbursed	\$ 1,756,858.44
Accrued Interest on Notes	28,100.00
Encumbrances	86,005.06
Less:	<u>1,870,963.50</u>
Refunds	<u>5,608.34</u>
	<u>\$ 1,865,355.16</u>

D

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

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
SEWER UTILITY FUND

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

		December 31,	
	Ref.	2021	2020
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	E-4	\$ 5,456,383.18	\$ 5,574,844.81
Due from Sewer Utility Capital Fund	E	2,322.69	1,459.97
Due from Current Fund	A		4,086.95
		<u>5,458,705.87</u>	<u>5,580,391.73</u>
Receivables with Full Reserves:			
Consumer Accounts Receivable	E-6	<u>257,836.12</u>	<u>162,455.67</u>
Total Receivables with Full Reserves		<u>257,836.12</u>	<u>162,455.67</u>
Total Operating Fund		<u>5,716,541.99</u>	<u>5,742,847.40</u>
Trust Fund:			
Cash and Cash Equivalents	E-4	<u>49,476.94</u>	<u>49,409.30</u>
Total Trust Fund		<u>49,476.94</u>	<u>49,409.30</u>
Capital Fund:			
Cash and Cash Equivalents	E-4	6,653,782.84	6,945,031.28
Fixed Capital	E-7	17,548,837.00	17,048,837.00
Fixed Capital Authorized and Uncompleted	E-8	<u>5,195,000.00</u>	<u>4,320,000.00</u>
Total Capital Fund		<u>29,397,619.84</u>	<u>28,313,868.28</u>
TOTAL ASSETS		<u>\$ 35,163,638.77</u>	<u>\$ 34,106,124.98</u>

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

		December 31,	
	Ref.	2021	2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	E-3;E-9	\$ 298,999.49	\$ 143,426.45
Encumbered	E-3;E-9	472,201.02	248,652.19
		<u>771,200.51</u>	<u>392,078.64</u>
Contracts Payable		19,600.00	19,600.00
Due to Current Fund	A	935.52	
Due to Water Utility Operating Fund	D	208.20	554.00
Sewer Rent Overpayments		1,609.73	1,557.14
Sewer Rent Prepayments		518,884.10	545,503.98
Accrued Interest on Notes		1,946.50	2,799.32
Accrued Interest on Loans		7,109.38	8,052.56
		<u>1,321,493.94</u>	<u>970,145.64</u>
Reserve for Receivables	E	257,836.12	162,455.67
Fund Balance	E-1	4,137,211.93	4,610,246.09
		<u>5,716,541.99</u>	<u>5,742,847.40</u>
Total Operating Fund			
Trust Fund:			
Escrow Deposits Payable	E-4	49,476.94	49,409.30
		<u>49,476.94</u>	<u>49,409.30</u>
Total Trust Fund			
Capital Fund:			
Bond Anticipation Notes	E-14	916,000.00	1,121,000.00
New Jersey Environmental Infrastructure Loan Payable	E-16	669,420.84	830,926.78
Improvement Authorizations:			
Funded	E-10	1,901,163.69	1,857,815.79
Unfunded	E-10	916,000.00	1,121,000.00
Due Sewer Utility Operating Fund	E	2,322.69	1,459.97
Reserve for Encumbrances		638,547.95	
Reserve for Sewer Extensions		2,503,332.91	2,770,349.49
Reserve for Sewer Connections		503,533.35	503,533.35
Capital Improvement Fund	E-11	140,000.00	650,000.00
Reserve for Amortization	E-12	16,879,416.16	16,217,910.22
Deferred Reserve for Amortization	E-13	4,279,000.00	3,199,000.00
Fund Balance	E-1A	48,882.25	40,872.68
		<u>29,397,619.84</u>	<u>28,313,868.28</u>
Total Capital Fund			
TOTAL LIABILITIES, RESERVES AND FUND BALANCE		\$ 35,163,638.77	\$ 34,106,124.98

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**

	Year Ended December 31,	
Ref.	2021	2020
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 849,500.00	\$ 849,500.00
Sewer User Charges	3,943,462.85	3,851,900.80
Miscellaneous Revenue Anticipated	54,381.93	237,560.33
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	79,282.80	8,894.83
Cancelled Accounts Payable		85.00
	<u>4,926,627.58</u>	<u>4,947,940.96</u>
Total Income		
<u>Expenditures</u>		
Budget Appropriations:		
Operating	3,385,489.00	3,153,540.00
Capital Improvements	240,000.00	650,000.00
Debt Service	399,172.74	255,465.06
Deferred Charges and Statutory Expenditures	290,500.00	260,435.00
	<u>4,315,161.74</u>	<u>4,319,440.06</u>
Total Expenditures		
Excess in Revenues/Statutory Excess to Fund Balance	611,465.84	628,500.90
<u>Fund Balance</u>		
Balance January 1	4,610,246.09	5,141,245.19
	<u>5,221,711.93</u>	<u>5,769,746.09</u>
Decreased by:		
Utilized as Anticipated Revenue:		
Sewer Utility Operating Budget	849,500.00	849,500.00
Current Fund Budget	235,000.00	310,000.00
	<u>1,084,500.00</u>	<u>1,159,500.00</u>
Balance December 31	E    \$ 4,137,211.93	\$ 4,610,246.09

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, 2020	E	\$ 40,872.68
Increased by:		
Bond Anticipation Note Premium		<u>8,009.57</u>
Balance December 31, 2021	E	<u><u>\$ 48,882.25</u></u>

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

**BOROUGH OF FLORHAM PARK**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUE - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	<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	3,943,462.85	\$ 520,962.85
Miscellaneous Revenue	50,000.00	54,381.93	4,381.93
	<u>\$ 4,322,000.00</u>	<u>\$ 4,847,344.78</u>	<u>\$ 525,344.78</u>

Analysis of Sewer User Charges

Collections	\$ 3,397,958.87	
Prepayments Applied	<u>545,503.98</u>	
		<u>\$ 3,943,462.85</u>

Analysis of Miscellaneous Revenue

Collector/Treasurer:		
Miscellaneous Sewer Fees		\$ 23,529.23
Treasurer:		
Interest on Investments and Deposits:		
Due from Sewer Utility Capital Fund		17,800.31
Collected/Received by Treasurer		<u>13,052.39</u>
		<u>\$ 54,381.93</u>

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

**BOROUGH OF FLORHAM PARK**  
**SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	Appropriation		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 1,367,095.00	\$ 1,367,095.00	\$ 1,175,348.95	\$ 191,746.05	
Other Expenses	2,018,394.00	2,018,394.00	1,911,140.56	107,253.44	
Capital Improvements:					
Capital Improvement Fund	240,000.00	240,000.00	240,000.00		
Debt Service:					
Payment of Note Principal	367,386.00	367,386.00	366,505.94		\$ 880.06
Interest on Note	38,625.00	38,625.00	32,666.80		5,958.20
Statutory Expenditures:					
Public Employees' Retirement System	186,000.00	186,000.00	186,000.00		
Contribution to Social Security System (O.A.S.I.)	104,500.00	104,500.00	104,500.00		
	<u>\$ 4,322,000.00</u>	<u>\$ 4,322,000.00</u>	<u>\$ 4,016,162.25</u>	<u>\$ 298,999.49</u>	<u>\$ 6,838.26</u>
				E	
Cash Disbursed			\$ 3,513,990.13		
Accrued Interest on Loans			16,704.63		
Accrued Interest on Notes			15,962.17		
Encumbrances Payable			472,201.02		
			<u>4,018,857.95</u>		
			<u>2,695.70</u>		
Less: Appropriation Refunds			<u>\$ 4,016,162.25</u>		

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



BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
POOL UTILITY FUND

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

		December 31,	
	Ref.	2021	2020
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents:			
Treasurer	F-4	\$ 141,496.34	\$ 165,555.92
Change Fund		50.00	50.00
		<u>141,546.34</u>	<u>165,605.92</u>
Due from Pool Utility Capital Fund	F	94.10	46.31
Deferred Charges:			
Prior Year Operating Deficit			17,000.58
Emergency Authorization (40A:4-47)	F-3	<u>50,000.00</u>	
Total Operating Fund		<u>191,640.44</u>	<u>182,652.81</u>
Capital Fund:			
Cash and Cash Equivalents	F-4	215,145.02	215,097.23
Fixed Capital	F-7	<u>1,360,687.45</u>	<u>1,360,687.45</u>
Total Capital Fund		<u>1,575,832.47</u>	<u>1,575,784.68</u>
TOTAL ASSETS		<u><u>\$ 1,767,472.91</u></u>	<u><u>\$ 1,758,437.49</u></u>

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

		December 31,	
	Ref.	2021	2020
<b><u>LIABILITIES, RESERVES AND FUND BALANCE</u></b>			
Operating Fund:			
Appropriation Reserves:			
Unencumbered	F-3;F-9	\$ 29,370.91	\$ 21,651.12
Encumbered	F-3;F-9	232.14	1,049.00
		<u>29,603.05</u>	<u>22,700.12</u>
 Fund Balance	 F-1	 <u>162,037.39</u>	 <u>159,952.69</u>
 Total Operating Fund		 <u>191,640.44</u>	 <u>182,652.81</u>
Capital Fund:			
Due to Pool Utility Operating Fund	F	94.10	46.31
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
		<u>1,575,832.47</u>	<u>1,575,784.68</u>
 Total Capital Fund		 <u>1,575,832.47</u>	 <u>1,575,784.68</u>
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE		 <u><u>\$ 1,767,472.91</u></u>	 <u><u>\$ 1,758,437.49</u></u>

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.	Year Ended December 31,	
		2021	2020
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	82,220.00	\$ 50,000.00
Membership Fees		112,724.00	72,131.00
Miscellaneous Revenue		50,279.16	30,319.67
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		22,082.12	1,548.75
Total Income		267,305.28	153,999.42
<u>Expenditures</u>			
Operating		167,575.00	122,485.00
Debt Service		43,425.00	43,425.00
Deferred Charges and Statutory Expenditures		22,000.58	5,090.00
Total Expenditures		233,000.58	171,000.00
Deficit/Excess in Revenues		34,304.70	(17,000.58)
Adjustments to Income before Surplus:			
Expenditures included above which are by Statute Deferred			
Charges to Budget of Succeeding Year		50,000.00	
Operating Deficit to be Raised in Budget of Succeeding Year			17,000.58
Statutory Excess to Surplus		84,304.70	
<u>Fund Balance</u>			
Balance January 1		159,952.69	209,952.69
		244,257.39	209,952.69
Decreased by:			
Utilized as Anticipated Revenue:			
Pool Utility Operating Budget		82,220.00	50,000.00
Balance December 31	F	\$ 162,037.39	\$ 159,952.69

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, 2020	F	<u>\$ 66,307.37</u>
Balance December 31, 2021	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, 2021**

	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit *</u>
Operating Surplus Anticipated	\$ 82,220.00	\$ 82,220.00	
Pool Memberships	55,000.00	112,724.00	\$ 57,724.00
Miscellaneous Revenue	46,000.00	50,279.16	4,279.16
	<u>\$ 183,220.00</u>	<u>\$ 245,223.16</u>	<u>\$ 62,003.16</u>

Analysis of Pool Memberships

Collections	<u>\$ 112,724.00</u>
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Analysis of Miscellaneous Revenue

Collector:

Guest Passes	\$ 11,831.00
Rental Fees	26,303.00
Miscellaneous	<u>11,208.88</u>
	49,342.88

Treasurer:

Interest on Investments	391.04
Interest on Investments - Pool Utility Capital Fund	<u>545.24</u>
	<u>\$ 50,279.16</u>

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

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended By		Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages (Emergency +\$18,000)	\$ 66,500.00	\$ 84,500.00	\$ 81,169.50	\$ 3,330.50	
Other Expenses (Emergency +\$32,000)	51,075.00	83,075.00	57,034.59	26,040.41	
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		
Deferred Charges and Statutory Expenditures:					
Deficit in Operations in Prior Years	17,220.00	17,220.00	17,000.58		\$ 219.42
Statutory Expenditures:					
Contribution to Social Security System (O.A.S.I.)	5,000.00	5,000.00	5,000.00		
	<u>\$ 183,220.00</u>	<u>\$ 233,220.00</u>	<u>\$ 203,629.67</u>	<u>\$ 29,370.91</u>	<u>\$ 219.42</u>
				F	
Ref.					
		\$ 183,220.00			
Emergency Appropriations (40A:4-47)		<u>50,000.00</u>			
		<u>\$ 233,220.00</u>			
Cash Disbursed			\$ 187,231.44		
Deferred Charge:					
Deficit in Operations in Prior Years			17,000.58		
Encumbrances Payable			<u>232.14</u>		
			<u>\$ 204,464.16</u>		
			<u>834.49</u>		
Less: Appropriation Refunds			<u>\$ 203,629.67</u>		

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
PUBLIC ASSISTANCE FUND

NOT APPLICABLE



BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
GENERAL FIXED ASSETS ACCOUNT GROUP

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

	December 31,	
	2021	2020
<b><u>ASSETS</u></b>		
Land	\$ 79,652,436.00	\$ 78,841,336.00
Buildings and Improvements	33,549,254.00	33,303,344.00
Equipment	10,431,601.00	9,494,495.00
<b>TOTAL ASSETS</b>	<b>\$ 123,633,291.00</b>	<b>\$ 121,639,175.00</b>
<b><u>RESERVES</u></b>		
Reserve for Fixed Assets	\$ 123,633,291.00	\$ 121,639,175.00
<b>TOTAL RESERVES</b>	<b>\$ 123,633,291.00</b>	<b>\$ 121,639,175.00</b>

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, 2021

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, 2021  
(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, 2021  
(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, 2021  
(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, 2021  
(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

	December 31,		
	2021	2020	2019
<u>Issued</u>			
General:			
Bonds and Notes	\$ 6,397,000	\$ 7,317,000	\$ 8,237,000
Water Utility:			
Bonds and Notes	4,420,000	1,500,000	1,500,000
Sewer Utility:			
Bonds and Loans	1,585,421	1,951,927	2,161,676
Total Issued	<u>12,402,421</u>	<u>10,768,927</u>	<u>11,898,676</u>
<u>Authorized but not Issued:</u>			
Water Utility:			
Bonds and Notes	9,357,130	8,000,130	8,064,600
Pool Utility:			
Bonds and Notes	8,217	8,217	8,217
Total Authorized but not Issued	<u>9,365,347</u>	<u>8,008,347</u>	<u>8,072,817</u>

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

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

Summary of Municipal Debt (Cont'd)

	<u>December 31,</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Less:</u>			
General:			
Reserve to Pay Debt Service	\$ 71,514		
Water Utility:			
Reserve to Pay Debt Service	<u>5,367</u>	<u>\$ 5,367</u>	<u>\$ 5,367</u>
	<u>76,881</u>	<u>5,367</u>	<u>5,367</u>
Net Bonds, Notes and Loans			
Issued and Authorized but not Issued	<u>\$ 21,690,887</u>	<u>\$ 18,771,907</u>	<u>\$ 19,966,126</u>

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, 2021 and indicates a statutory net debt of .177%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School District Debt	\$ 28,589,256	\$ 28,589,256	
Water Utility Debt	13,777,130	13,777,130	
Sewer Utility Debt	1,585,421	1,585,421	
Pool Utility Debt	8,217		\$ 8,217
General Debt	<u>6,397,000</u>		<u>6,397,000</u>
	<u>\$ 50,357,025</u>	<u>\$ 43,951,807</u>	<u>\$ 6,405,217</u>

Net Debt \$6,405,217 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$3,620,231,198= .177%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 126,708,092
Net Debt	<u>6,405,217</u>
Remaining Borrowing Power	<u>\$ 120,302,875</u>



BOROUGH OF FLORHAM PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(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	\$	2,139,554
Deductions:		
Operating and Maintenance Costs	\$	1,624,500
Debt Service		<u>77,146</u>
		<u>1,701,646</u>
Excess in Revenue	\$	<u>437,908</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	\$	4,847,345
Deductions:		
Operating and Maintenance Costs	\$	3,675,989
Debt Service		<u>399,173</u>
		<u>4,075,162</u>
Excess in Revenue	\$	<u>772,183</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	\$	245,223
Deductions:		
Operating and Maintenance Costs	\$	<u>122,575</u>
Excess in Revenue	\$	<u>122,648</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, 2021  
(Continued)

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

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/2020	Additions	Retirements/ Defeasements	Balance 12/31/2021
Serial Bonds:				
General Capital Fund	\$ 7,317,000		\$ 920,000	\$ 6,397,000
Bond Anticipation Notes:				
Water Utility Capital Fund	1,500,000	\$ 4,420,000	1,500,000	4,420,000
Sewer Utility Capital Fund	1,121,000	916,000	1,121,000	916,000
Loans Payable:				
Sewer Utility Capital Fund:				
Infrastructure Trust Loan	830,927		161,506	669,421
	<u>\$ 10,768,927</u>	<u>\$ 5,336,000</u>	<u>\$ 3,702,506</u>	<u>\$ 12,402,421</u>

Summary of Municipal Debt Issued and Outstanding - Prior 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	1,121,000.00	1,175,000.00	1,121,000
Loans Payable:				
Sewer Utility Capital Fund:				
Infrastructure Trust Loan	986,676		155,749	830,927.00
	<u>\$ 11,898,676</u>	<u>\$ 2,621,000</u>	<u>\$ 3,750,749</u>	<u>\$ 10,768,927</u>

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

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

At December 31, 2021, 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%	\$ 6,397,000
<u>Water Capital Bond Anticipation Notes</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Various Water Improvements	09/02/22	1.50%	852,000
Acquisition of Equipment	09/02/22	1.50%	600,000
Improvements at the Exxon	09/02/22	1.25%	1,500,000
Well Facility	09/02/22	1.50%	1,468,000
			<u>4,420,000</u>
<u>Sewer Capital Bond Anticipation Notes</u>			
<u>Purpose</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	
Various Sewer Improvements	09/02/22	1.50%	916,000
<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%	669,421
Total Debt Issued and Outstanding			<u>\$ 12,402,421</u>

BOROUGH OF FLORHAM PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(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	
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	920,000	70,010	990,010
2027-2028	1,797,000	75,620	1,872,620
	<u>\$6,397,000</u>	<u>\$ 775,270</u>	<u>\$ 7,172,270</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, 2021, 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 Four Years for Loans Issued and Outstanding

Calendar Year	Infrastructure Trust Loan		Total
	Principal	Interest	
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>\$ 669,421</u>	<u>\$ 43,750</u>	<u>\$ 713,171</u>

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

Note 3: Fund Balances Appropriated

Fund balances at December 31, 2021, which were appropriated and included as anticipated revenue for the year ending December 31, 2022 budget, were as follows:

Current Fund	\$ 2,475,000
Water Utility Operating Fund	370,000
Sewer Utility Operating Fund	1,609,500
Pool Utility Operating Fund	112,000

Also, \$160,000.00 of the \$4,137,211.93 Sewer Utility Operating Fund balance at December 31, 2021, was anticipated as revenue in the 2022 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](http://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, 2021  
(Continued)

Note 4: Pension Plans (Cont'd)

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

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 \$616,414.10 for 2021.

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

BOROUGH OF FLORHAM PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(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. The Borough has rolled forward the net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2020 information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this audit.

For the year ended December 31, 2021, the Borough recognized actual pension expense in the amount of \$616,414.10.

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, 2021  
(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, 2021  
(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:

	June 30, 2020		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 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, 2021  
(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](http://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:

Tier	Definition
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, 2021  
(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 \$1,321,392 for the year ended December 31, 2021. 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 an .001% increase from its proportion measured as of June 30, 2019. The Borough has rolled forward the net pension liability as of June 30, 2020 with no adjustments. The State of New Jersey Police and Firemen's Retirement System (PFRS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2020 information in the Notes to the Financial Statements as the June 30, 2021 information has not been released as of the date of this audit.

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, 2021  
(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 a decrease 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, 2021, the Borough recognized total pension expense of \$1,221,392.

Actuarial Assumptions

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

Inflation Rate:

Price	2.75%
Wage	3.25%

Salary Increases:

Through all future years	3.25 – 15.25% based on years of service
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Investment Rate of Return	7.00%
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Pre-retirement mortality rates were based on the RP-2010 Safety Employee Mortality Table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted Retiree mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. 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, 2021  
(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, 2021  
(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, 2021  
(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 \$837.65 for the year ended December 31, 2021. Employee contributions to DCRP amounted to \$1,137.57 for the year ended December 31, 2021.

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, 2021, the Borough had the following deferred charge:

	<u>Balance at</u> <u>Dec. 31, 2021</u>	<u>To Be Raised in</u> <u>2022 Budget</u>	<u>Balance to</u> <u>Succeeding Years</u>
Emergency Authorization- Pool			
Utility Operating Fund	\$ 50,000.00	\$ 50,000.00	\$ -0-

The appropriation in the 2022 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, 2021  
(Continued)

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	\$ 1.600	\$ 1.567	\$ 1.540
<u>Apportionment of Tax Rate</u>			
Municipal	0.440	0.428	0.422
County	0.269	0.270	0.273
Local School	0.588	0.578	0.568
Regional High School	0.303	0.291	0.277
<u>Assessed Valuations</u>			
2021	<u>\$ 3,590,106,159</u>		
2020		<u>\$ 3,501,743,215</u>	
2019			<u>\$ 3,442,480,745</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>
2021	\$ 58,561,236	\$ 58,108,144	99.23%
2020	55,457,848	55,085,829	99.33%
2019	53,366,688	53,069,889	99.44%

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, 2021  
(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, 2021  
(Continued)

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

Investments:(Cont'd)

- (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, 2021  
(Continued)

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

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

Fund	Checking Accounts	Cash on Hand	Totals
Current	\$ 12,434,320.06		\$ 12,434,320.06
Federal and State Grant	129,036.63		129,036.63
Animal Control Trust	54,411.61		54,411.61
Other Trust	8,794,545.00		8,794,545.00
General Capital	2,705,495.26		2,705,495.26
Water Utility Operating	585,322.41		585,322.41
Water Utility Capital	3,078,884.66		3,078,884.66
Sewer Utility Operating	5,456,383.18		5,456,383.18
Sewer Utility Trust	49,476.94		49,476.94
Sewer Utility Capital	6,653,782.84		6,653,782.84
Pool Utility Operating	141,496.34	\$ 50.00	141,546.34
Pool Utility Capital	215,145.02		215,145.02
	<u>\$ 40,298,299.95</u>	<u>\$ 50.00</u>	<u>\$ 40,298,349.95</u>

The carrying amount of the Borough of Florham Park's cash and cash equivalents at cost at December 31, 2021, was \$40,298,349.95 and the bank balance was \$41,243,410.28.

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, 2021  
(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 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 are not files as of the date of this audit  
Selected financial information from the fund as of December 31, 2020 is as follows:

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

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

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

Health Benefits Insurance

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

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 Self Insurance for claims incurred but not reported as of December 31, 2021, of \$1,181,025, 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, 2021  
(Continued)

Note 9: Risk Management (Cont'd)

Health Benefits Insurance (Cont'd)

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

	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	\$ 590,424	\$ 130,000
Receipts	<u>3,087,494</u>	<u>2,614,145</u>
	3,677,918	2,744,145
Disbursements	<u>2,496,893</u>	<u>2,153,721</u>
Balance, End of Year	<u>\$ 1,181,025</u>	<u>\$ 590,424</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>
2019	\$ -0-	\$ 23,262.04	\$ 30,700.55	\$434,636.81
2020	-0-	16,409.43	353.49	450,692.75
2021	-0-	16,261.14	9,068.58	457,885.31

BOROUGH OF FLORHAM PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(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 \$1,389,503.83. 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 \$990,540.65 on the Trust Funds balance sheet at December 31, 2021.

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, 2021.

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 \$5,558,079.89 has been recorded as a liability as of December 31, 2021. 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, 2021  
(Continued)

Note 14: Interfund Receivables and Payables

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 10,751.73	\$ 8,400.78
Federal and State Grant Fund	601,634.85	28.97
Animal Control Trust Fund		9,131.60
Other Trust Fund	8,400.78	
General Capital Fund		601.29
Water Utility Operating Fund	890.89	54.35
Water Utility Capital Fund		602,317.54
Sewer Utility Operating Fund	2,322.69	1,143.72
Sewer Utility Capital Fund		2,322.69
Pool Utility Operating Fund	94.10	
Pool Utility Capital Fund		94.10
	<u>\$ 624,095.04</u>	<u>\$ 624,095.04</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, 2021. 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 interfund between Water Utility Capital Fund and Federal and State Grant Fund is due to grant funds received in Water Utility Capital Fund not turned over to Federal and State Grant 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. Furthermore, all retirees including dependents are eligible for Medicare Part B coverage 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.

BOROUGH OF FLORHAM PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(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)

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 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.

<b>Union</b>	<b>Pre-65 Retiree</b>	<b>Post-65 Retiree</b>
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 \$57,813,136 was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 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	2.05% at December 31, 2021
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 – 2.06%, S&P Municipal Bond 20 Year High Grade Rate Index – 2.25%, and Fidelity GA AA 20 Years – 1.84%) as of December 31, 2021.



BOROUGH OF FLORHAM PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(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

	Total OPEB Liability
Balance at January 1, 2021	\$ 57,969,687
Changes for Year:	
Service Cost	782,832
Interest Cost	1,170,284
Changes in Assumptions	(344,354)
Benefit Payments	(1,765,313)
Net Changes	(156,551)
Balance at December 31, 2021	<u>\$ 57,813,136</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 (3.05 percent) or 1 percentage higher (1.05 percent) than the current discount rate:

	December 31, 2021		
	1% Decrease (1.05%)	Discount Rate (2.05%)	1% Increase (3.05%)
Total OPEB Liability	\$ 70,872,087	\$ 57,813,136	\$ 48,224,779

BOROUGH OF FLORHAM PARK  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021  
(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, 2021			
	1% Decrease	Valuation Healthcare Trend Rates	1% Increase
Total OPEB Liability	\$ 47,429,076	\$ 57,813,136	\$ 71,943,958
<u>OPEB Expense</u>			

For the year ended December 31, 2021, the Borough's OPEB expense was \$2,606,174 as determined by the actuarial valuation.

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, 2021, 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 2021 without the abatement would have been \$838,392.00 of which \$230,557.80 would have been for the local municipal tax and minimum library tax.

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

Note 16: Tax Abatements (Cont'd)

Additionally, there are two PILOT programs that generated \$226,273.12 of miscellaneous revenue in the Current Fund. The taxes which would have been paid on these properties for 2021 is not materially different from what was collected in miscellaneous revenues.

Note 17: Fixed Assets

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

	Balance Dec. 31, 2020	Additions	Deletions/ Adjustments	Balance Dec. 31, 2021
Land	\$ 78,841,336.00	\$ 811,100.00		\$ 79,652,436.00
Buildings	33,303,344.00	245,910.00		33,549,254.00
Machinery and Equipment	9,494,495.00	1,009,605.00	\$ 72,499.00	10,431,601.00
	<u>\$ 121,639,175.00</u>	<u>\$ 2,066,615.00</u>	<u>\$ 72,499.00</u>	<u>\$ 123,633,291.00</u>

  

	Balance Dec. 31, 2019	Additions	Deletions	Balance Dec. 31, 2020
Land	\$ 78,061,382.00	\$ 779,954.00		\$ 78,841,336.00
Buildings	33,209,339.00	94,005.00		33,303,344.00
Machinery and Equipment	9,137,442.00	826,911.00	\$ 469,858.00	9,494,495.00
	<u>\$ 120,408,163.00</u>	<u>\$ 1,700,870.00</u>	<u>\$ 469,858.00</u>	<u>\$ 121,639,175.00</u>

BOROUGH OF FLORHAM PARK

SUPPLEMENTARY DATA

**BOROUGH OF FLORHAM PARK**  
**OFFICIALS IN OFFICE AND SURETY BONDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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  
2021  
CURRENT FUND

**BOROUGH OF FLORHAM PARK**  
**CURRENT FUND**  
**SCHEDULE OF CASH**

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 11,281,910.05
Increased by Receipts:		
Tax Collector	\$ 58,746,827.71	
Revenue Accounts Receivable	4,252,657.47	
Miscellaneous Revenue Not Anticipated	500,265.63	
Due Federal and State Grant Fund:		
Interfund Returned	27.87	
Due General Capital Fund:		
Interfund Returned	331.82	
Due Animal Control Fund:		
Prior Year Interfund Returned	632.74	
Due Other Trust Funds:		
Interfund Returned	1,451.79	
Received on behalf of Other Trust Funds	8,620.00	
Due Payroll Account		
Interfund Returned	3,403.49	
Due County - PILOTS	23,124.37	
Due State of New Jersey:		
Marriage License Fees	2,100.00	
State Training Fees	86,505.00	
Senior Citizens' and Veterans' Deductions	64,740.28	
Appropriation Refunds	865,562.31	
		<hr/> 64,556,250.48
		75,838,160.53
Decreased by Disbursements:		
2021 Appropriation Expenditures	20,418,957.67	
2020 Appropriation Reserve Expenditures	943,604.55	
Local School District Taxes	21,083,103.00	
Regional High School Taxes	10,871,958.00	
County Taxes	9,737,006.61	
Due Sewer Utility Operating Fund		
Interfund Advanced	5,022.47	
Due Water Utility Operating Fund		
Interfund Advanced	1,551.97	
Due Flexible Spending Account		
Interfund Returned	19,400.00	
Due State of New Jersey:		
Marriage License Fees	1,875.00	
State Training Fees	88,511.00	
Refund of Tax Overpayments	232,850.20	
		<hr/> 63,403,840.47
Balance December 31, 2021	A	<u><u>\$ 12,434,320.06</u></u>

**BOROUGH OF FLORHAM PARK**  
**CURRENT FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2021**

## Increased by Receipts:

Taxes Receivable	\$ 58,096,652.68
Interest and Costs on Taxes	94,047.96
2022 Prepaid Taxes	333,891.36
Tax Overpayments	222,235.71
	<hr/>

\$ 58,746,827.71

## Decreased by:

Payments to Municipal Treasurer

\$ 58,746,827.71

**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF CASH - GRANT FUNDS**

Ref.

Balance December 31, 2020	A	\$ 91,875.30
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## Increased by Receipts:

Grants Receivable	\$ 66,987.69
Unappropriated Grant Funds Received	3,180.78
Due Current Fund - Interest	28.97
	<hr/>

\$ 70,197.44  
162,072.74

## Decreased by Disbursements:

Appropriated Grant Reserve	33,008.24
Due Current Fund - Interfund	27.87
	<hr/>

33,036.11

Balance December 31, 2021

A

\$ 129,036.63



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

Year	Balance Dec. 31, 2020	2021 Levy	Added Taxes	Collections		State of NJ Senior Citizens' and Veterans' Deductions	Canceled	Transferred to Tax Title Liens	Balance Dec. 31, 2021
				2020	2021				
2020	\$ 347,623.36		\$ 9,588.49		\$ 356,711.85	\$ 500.00			
	347,623.36				356,711.85	500.00			
2021		\$ 58,561,235.94		\$ 304,963.18	57,739,940.83	63,240.28	\$ 57,605.37	\$ 3,822.40	\$ 391,663.88
	\$ 347,623.36	\$ 58,561,235.94	\$ 9,588.49	\$ 304,963.18	\$ 58,096,652.68	\$ 63,740.28	\$ 57,605.37	\$ 3,822.40	\$ 391,663.88
Ref.	A								A
Analysis of 2021 Property Tax Levy									
Tax Yield:									
General Purpose Tax									
Added and Omitted Taxes									
Tax Levy:									
Local School District Taxes									
Regional High School Taxes									
County Taxes:									
General Tax									
County Open Space									
Due County for Added and Omitted Taxes									
Local Tax for Municipal Purposes Levied									
Minimum Library Tax									
Add: Additional Tax Levied									

**BOROUGH OF FLORHAM PARK**  
**CURRENT FUND**  
**SCHEDULE OF TAX TITLE LIENS**

	<u>Ref.</u>	
Balance December 31, 2020	A	\$ 32,438.13
Increased by:		
Transfer from Taxes Receivable		<u>3,822.40</u>
Balance December 31, 2021	A	<u><u>\$ 36,260.53</u></u>

**BOROUGH OF FLORHAM PARK**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2020	Accrued in 2021	Collected by Treasurer	Balance Dec. 31, 2021
Licenses:				
Alcoholic Beverages		\$ 18,064.00	\$ 18,064.00	
Other		58,073.08	58,073.08	
Fees and Permits - Other		92,936.45	92,936.45	
Fines and Costs - Municipal Court		126,480.45	124,572.90	\$ 7,989.13
Payments in Lieu of Taxes	\$ 6,081.58	439,363.07	439,363.07	
Interest on Deposits		125,965.44	125,965.44	
Park Avenue Club Contribution		50,000.00	50,000.00	
Hotel Occupancy Tax		217,420.44	217,420.44	
Energy Receipts Tax		1,028,158.00	1,028,158.00	
Construction Code Official		1,984,171.00	1,984,171.00	
Uniform Fire Safety Act		170,304.78	170,304.78	
Outside Detail Administrative Fees		20,000.00	20,000.00	
Sewer Utility Operating Surplus of Prior Year		235,000.00	235,000.00	
School Resource Officer Revenue	13,822.26	84,399.99	88,628.31	9,593.94
	<u>\$ 19,903.84</u>	<u>\$ 4,650,336.70</u>	<u>\$ 4,652,657.47</u>	<u>\$ 17,583.07</u>
<u>Ref.</u>	A			A
		Cash Received	4,252,657.47	
		Prepaid UCC Fees Applied	400,000.00	
			<u>4,652,657.47</u>	

**BOROUGH OF FLORHAM PARK**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF GRANTS RECEIVABLE**

Grant Description	Revenue Realized in 2021	Received	Cancelled	Transferred from Unappropriated Reserve	Balance Dec. 31, 2021
Clean Communities Grant	\$ 22,632.56	\$ 22,632.56			
Recycling Tonnage Grant	12,204.97	12,204.97			
Morris County Historic Preservation:					
Little Red School House	15,400.00	15,400.00			
Drunk Driving Enforcement Fund	4,285.91	4,285.91			
Body Worn Camera Assistance	73,368.00				\$ 73,368.00
Bullet Proof Vest Partnership	630.00		\$ 0.01	\$ 629.99	
Body Armor Replacement Program	2,464.25	2,464.25			
EMAA Grant	10,000.00	10,000.00			
	<u>\$ 140,985.69</u>	<u>\$ 66,987.69</u>	<u>\$ 0.01</u>	<u>\$ 629.99</u>	<u>\$ 73,368.00</u>

Ref.

A-6

A-14

A-15

A

**BOROUGH OF FLORHAM PARK**  
**CURRENT FUND**  
**SCHEDULE OF 2020 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2021**

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
LAND USE ADMINISTRATION:				
General Administration:				
Salaries and Wages	\$ 352.98	\$ 352.98		\$ 352.98
Other Expenses	5,531.13	5,531.13		5,531.13
Mayor and Council:				
Other Expenses	9,211.96	9,211.96	\$ 267.00	8,944.96
Municipal Clerk:				
Salaries and Wages	277.34	277.34		277.34
Other Expenses	24,776.41	24,776.41	6,459.60	18,316.81
Financial Administration:				
Salaries and Wages	290.57	290.57		290.57
Other Expenses	12,873.04	12,873.04	12,873.04	
Tax Collection:				
Salaries and Wages	2,503.29	2,503.29	350.00	2,153.29
Other Expenses	2,111.00	2,111.00	1,952.00	159.00
Tax Assessment:				
Salaries and Wages	0.67	0.67		0.67
Other Expenses	9,513.77	9,513.77	2,373.77	7,140.00
Legal Services:				
Other Expenses	52,571.84	52,571.84	11,043.68	41,528.16
Engineering Services and Costs:				
Salaries and Wages	485.04	485.04		485.04
Other Expenses	11,541.51	11,541.51	5,220.23	6,321.28
Historic Commission:				
Other Expenses	10,029.76	10,029.76	10,000.00	29.76
Planning Board:				
Salaries and Wages	287.39	287.39		287.39
Other Expenses	29,167.18	29,167.18	161.15	29,006.03
Board of Adjustment:				
Salaries and Wages	283.00	283.00		283.00
Other Expenses	7,802.88	7,802.88	3,377.96	4,424.92
Municipal Court:				
Salaries and Wages	1,794.67	1,794.67		1,794.67
Other Expenses	8,725.38	8,725.38	797.83	7,927.55
PUBLIC SAFETY:				
Police:				
Salaries and Wages	50,518.71	50,518.71		50,518.71
Other Expenses	129,994.58	129,994.58	105,918.50	24,076.08
Police Vehicles:				
Other Expenses	9,797.11	9,797.11	9,797.11	

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

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
PUBLIC SAFETY: (Cont'd)				
Fire:				
Salaries and Wages	\$ 11.01	\$ 11.01		\$ 11.01
Other Expenses	49,105.72	49,105.72	\$ 35,195.51	13,910.21
Fire Safety:				
Salaries and Wages	1,222.70	1,222.70		1,222.70
Other Expenses	8,971.88	8,971.88	345.34	8,626.54
Contribution to Volunteer Fire Dept.				
Other Expenses	300.00	300.00		300.00
PUBLIC WORKS:				
Road Repairs and Maintenance:				
Salaries and Wages	20,084.71	20,084.71		20,084.71
Other Expenses	115,553.93	115,553.93	111,658.88	3,895.05
Other Public Works:				
Salaries and Wages	6.33	6.33		6.33
Buildings and Grounds:				
Salaries and Wages	47,171.56	47,171.56		47,171.56
Other Expenses	42,168.84	42,168.84	41,049.39	1,119.45
Vehicle Maintenance:				
Salaries and Wages	6,287.63	6,287.63		6,287.63
Other Expenses	22,186.79	22,186.79	22,183.83	2.96
HEALTH AND HUMAN SERVICES:				
Board of Health:				
Salaries and Wages	6.92	6.92		6.92
Other Expenses	1,219.73	1,219.73	357.71	862.02
Environmental Commission:				
Other Expenses	11,385.74	11,385.74	4,717.00	6,668.74
RECREATION AND EDUCATION:				
Recreation:				
Salaries and Wages	1,357.64	1,357.64		1,357.64
Other Expenses	47,667.48	47,667.48	7,506.44	40,161.04
Celebration of Public Events				
Other Expenses	5,500.00	5,500.00	1,500.00	4,000.00
Condo Services:				
Other Expenses	12,776.12	12,776.12		12,776.12
INSURANCES:				
Workers Compensation	5,056.92	5,056.92		5,056.92
Employee Group Health	5,874.58	5,874.58	50.00	5,824.58

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

	Balance Dec. 31, 2020	Balance After Modification	Paid or Charged	Balance Lapsed
UTILITIES:				
Bulk Utilities	\$ 104,800.29	\$ 104,800.29	\$ 92,479.23	\$ 12,321.06
UNIFORM CONSTRUCTION CODE:				
Construction Official:				
Salaries and Wages	11,575.67	11,575.67		11,575.67
Other Expenses	454,460.53	454,460.53	453,843.28	617.25
Contingent	10,000.00	10,000.00		10,000.00
Deferred Charges & Statutory Expenditures:				
Statutory Expenditures:				
Public Employees' Retirement System	2,575.65	2,575.65	2,575.65	
Social Security System (O.A.S.I.)	685.43	685.43	79.61	605.82
Operations Excluded from "CAPS":				
Maintenance of Free Public Library	22,615.38	22,615.38	22,615.38	
LOSAP	35,000.00	35,000.00	12,600.00	22,400.00
	<u>\$ 1,426,070.39</u>	<u>\$ 1,426,070.39</u>	<u>\$ 979,349.12</u>	<u>\$ 446,721.27</u>
<u>Analysis of Balance December 31, 2020:</u>				
	<u>Ref.</u>			
Encumbered	A	\$ 792,794.65		
Unencumbered	A	<u>633,275.74</u>		
		<u>\$ 1,426,070.39</u>		
Cash Disbursed			\$ 943,604.55	
Accounts Payable			<u>35,744.57</u>	
			<u>979,349.12</u>	

**BOROUGH OF FLORHAM PARK**  
**CURRENT FUND**  
**SCHEDULE OF LOCAL SCHOOL DISTRICT TAXES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2021**

Increased by:		
Levy - Calendar Year 2021	\$	21,083,103.00
Decreased by:		
Payments to Local School District	\$	<u>21,083,103.00</u>

**CURRENT FUND**  
**SCHEDULE OF REGIONAL HIGH SCHOOL TAXES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2021**

Increased by:		
Levy - Calendar Year 2021	\$	10,871,958.00
Decreased by:		
Payments to Regional High School District	\$	<u>10,871,958.00</u>



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

Grant Description	Balance Dec. 31, 2020	Transferred from 2021 Budget Appropriations	Expended	Cancelled	Balance Dec. 31, 2021
Recycling Tonnage Grant:					
2020	\$ 34,193.65		\$ 12,285.00		\$ 21,908.65
2021		\$ 12,204.97			12,204.97
Alcohol Education & Rehabilitation Grant:					
2010	1,763.33		1,350.92		412.41
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:					
2021		22,632.56	8,659.14		13,973.42
Labor Day Crack Down	550.00				550.00
Drunk Driving Enforcement Fund:					
2017	2,704.62		2,704.62		
2018	3,707.55		1,594.38		2,113.17
2019	5,737.92				5,737.92
2021		4,285.91			4,285.91
Body Armor Program:					
2021		2,464.25	2,464.25		
Bulletproof Vest:					
2020	1,491.53		1,491.53		
2021	1,828.41	630.00	2,458.40	\$ 0.01	
Body Worn Camera Assistance		73,368.00	73,368.00		
Morris County Historic Preservation:					
Little Red Schoolhouse		15,400.00			15,400.00
Morris County Trail Grant					
NFL Field Grant	14,884.22				14,884.22
Distracted Driver	336.29				336.29
EMMA Grant		10,000.00			10,000.00
	<u>\$ 91,217.44</u>	<u>\$ 140,985.69</u>	<u>\$ 106,376.24</u>	<u>\$ 0.01</u>	<u>\$ 125,826.88</u>

Ref.

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A-10

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Cash Disbursed	\$ 33,008.24
Encumbered	73,368.00
	<u>\$ 106,376.24</u>

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

<u>Grant Description</u>	<u>Balance Dec. 31, 2020</u>	<u>Received</u>	<u>Transferred to 2021 Budget Revenue</u>	<u>Balance Dec. 31, 2021</u>
Bullet Proof Vest	\$ 629.99		\$ 629.99	
Alcohol Education and Rehabilitation Program		\$ 3,180.78		\$ 3,180.78
American Rescue Plan		601,634.85		601,634.85
	<u>\$ 629.99</u>	<u>\$ 604,815.63</u>	<u>\$ 629.99</u>	<u>\$ 604,815.63</u>

Ref.

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Grants Received:

Current Year Receivable

\$ 3,180.78

Due from Water Utility Capital Fund

601,634.85

\$ 604,815.63

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
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, 2020	B	\$ 48,445.90	\$ 7,499,716.32
Increased by Receipts:			
Animal Control License Fees:			
Dog License Fees	\$	5,091.00	
Cat License Fees		1,152.00	
Prepaid Dog Licenses		4,949.40	
Late, Impound and Boarding Fees		1,301.03	
Due Current Fund:			
Interest Earned			\$ 7,047.13
Escrow Deposits			196,142.50
Deposits and Interest:			
Unemployment Insurance Fund			16,261.14
Police Forfeited Assets			5,885.90
Housing Trust			449,447.32
Tax Sale Premiums			363,800.00
Recreation			228,736.56
Recycling			33,032.58
Fire Penalties			2,000.00
Parking Offenses Adjudication Act			20.00
Various Miscellaneous Trust Funds			11,558.00
Police Donations			1,375.00
Public Defender			2,050.00
Self Insurance			3,087,493.99
Off Duty Police Officer Fund			605,102.42
		<u>12,493.43</u>	<u>5,009,952.54</u>
		60,939.33	12,509,668.86
Decreased by Disbursements:			
Administrative Expenses		5,894.98	
Due Current Fund:			
Interest Income			6,277.91
Interfund Returned		632.74	901.79
Escrow Deposits - Refunds, Charges and Withdrawals			272,546.45
Unemployment Insurance Fund			9,068.58
Housing Trust			65,943.21
Tax Sale Premiums			74,100.00
Accumulated Absences			12,006.06
Storm Recovery			4,100.00
Recreation			178,381.32
Police Donations			3,751.15
Off Duty Police Officer Fund			588,900.95
Self Insurance			2,496,893.44
Various Miscellaneous Trust Funds			2,253.00
		<u>6,527.72</u>	<u>3,715,123.86</u>
Balance December 31, 2021	B	<u>\$ 54,411.61</u>	<u>\$ 8,794,545.00</u>

**BOROUGH OF FLORHAM PARK**  
**ASSESSMENT TRUST FUND**  
**ANALYSIS OF CASH**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

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

	<u>Ref.</u>	
Balance December 31, 2020	B	\$ 42,912.36
Increased by:		
Animal Control Fees:		
Dog Licenses	\$ 5,091.00	
Cat Licenses	1,152.00	
Prepaid Licenses	4,900.80	
Late, Impound and Boarding Fees	<u>1,301.03</u>	
		<u>12,444.83</u>
		55,357.19
Decreased by:		
Animal Control Expenditures	5,894.98	
Statutory Excess - Due to Current Fund	<u>9,131.60</u>	
		<u>15,026.58</u>
Balance December 31, 2021	B	<u><u>\$ 40,330.61</u></u>

License Fees Collected:

<u>Year</u>	
2019	\$ 21,083.60
2020	<u>19,247.01</u>
Maximum Allowable Reserve	<u><u>\$ 40,330.61</u></u>

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
GENERAL CAPITAL FUND

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

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 1,459,273.71
Increased by Receipts:		
Grants Receivable:		
New Jersey Department of Transportation	\$ 467,500.00	
Morris County Interlocal Agreement Receivable	142,360.42	
Due Current Fund:		
Interest Earned	6,846.29	
Budget Appropriation:		
Capital Improvement Fund	2,207,000.00	
Reserve for:		
Gun Club	5,000.00	
		<u>2,828,706.71</u>
		4,287,980.42
Decreased by Disbursements:		
Improvement Authorization Expenditures	1,575,908.34	
Due Current Fund:		
Interfund Returned	331.82	
Interest Income	6,245.00	
		<u>1,582,485.16</u>
Balance December 31, 2021	C	<u><u>\$ 2,705,495.26</u></u>



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

	Balance/ (Deficit) Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance/ (Deficit) Dec. 31, 2021
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 7,885.48					\$ 2,000.00		\$ 5,885.48
Capital Improvement Fund	1,158,987.70	\$ 2,207,000.00				3,102,975.00	\$ 6,840.74	269,853.44
Grants Receivable:	(587,000.00)		\$ 467,500.00				2,000.00	(117,500.00)
New Jersey Transportation Trust Fund	(37,578.00)							(37,578.00)
County of Morris Open Space Trust Grant			142,360.42			305,221.25		(162,860.83)
Morris County Interlocal Agreement	331.82		6,846.29		\$ 6,576.82			601.29
Due Current Fund	40,000.00		5,000.00				71,514.26	45,000.00
Reserve for:								71,514.26
Gun Club								
Payment of Debt Service								
Ord. Date	Ord. No.	Improvement Authorizations						
6/23/2009	09-12	Various Capital Improvements						
11/23/2010	10-19	Various Capital Improvements						
4/20/2017	17-9	Little Red School House Improvements						
4/19/2018	18-5	Various Roads, DPW, & Police Improvements						
6/14/2018	18-16	Various Roads & DPW Improvements						
4/18/2019	19-9	Various Capital Improvements						
9/19/2019	19-13	Interior Restoration of the Little Red Schoolhouse						
4/30/2020	20-5	Various Road Improvements						
6/25/2020	20-9	Various Road, Police and DPW Improvements						
8/13/2020	20-12	Courtroom Architect Services						
10/22/2020	20-17	HVAC Design Services						
5/18/2021	21-6	HVAC System						
5/20/2021;	21-11;	Various Capital Improvements						
10/21/2021	21-17							
8/19/2021	21-15	DPW Equipment/Police Body Worn Cameras						
		\$ 2,207,000.00	\$ 621,706.71	\$ 1,575,908.34	\$ 6,576.82	\$ 3,488,551.25	\$ 3,488,551.25	\$ 2,705,495.26

**BOROUGH OF FLORHAM PARK**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

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

Improvement Description	Ordinance		Amount	2021 Authorizations		Paid or Charged	Improvement Authorizations Canceled	Balance Dec. 31, 2021 Funded
	No.	Date		Capital Improvement Fund	Morris County Interlocal Agreement			
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	
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	43,350.80		\$ 34,853.06	4,807.74	3,690.00
Various Capital Improvements	19-9	4/18/2019	2,279,000.00	1,550.00			1,550.00	
Interior Restoration of the Little Red Schoolhouse	19-13	9/19/2019	23,000.00	23,000.00		19,250.00		3,750.00
Various Road Improvements	20-5	4/30/2020	805,000.00	83,016.35		65,558.85		17,457.50
Various Road, Police and DPW Improvements	20-9	6/25/2020	730,000.00	599,162.90		581,228.79		17,934.11
Courtroom Architect Services	20-12	8/13/2020	4,000.00	3,456.40		3,456.40		
HVAC Design Services	20-17	10/22/2020	19,800.00	19,800.00		19,800.00		
HVAC System	21-6	5/18/2021	62,200.00	\$ 62,200.00		40,647.20		21,552.80
Various Capital Improvements	21-11;	5/20/2021;		2,959,275.00	\$ 305,221.25	805,155.90		2,459,340.35
	21-17	10/21/2021	3,264,496.25	81,500.00		5,958.14		75,541.86
	21-15	8/19/2021	81,500.00					
DPW Equipment/Police Body Worn Cameras				\$ 876,646.71	\$ 3,102,975.00	\$ 1,575,908.34	\$ 78,355.00	\$ 2,630,579.62
				C				C
			Ref.					
							\$ 6,840.74	
							71,514.26	
							\$ 78,355.00	
			</					

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

	<u>Ref.</u>	
Balance December 31, 2020	C	\$ 1,158,987.70
Increased by:		
2021 Budget Appropriation	\$ 2,207,000.00	
Improvement Authorizations Cancelled	<u>6,840.74</u>	
		<u>2,213,840.74</u>
		3,372,828.44
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>3,102,975.00</u>
Balance December 31, 2021	C	<u><u>\$ 269,853.44</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, 2020	Matured	Balance Dec. 31, 2021
			Date	Outstanding Dec. 31, 2021 Amount				
Serial Bonds - 2015	10/1/2015	\$ 11,917,000.00	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%			
						\$ 7,317,000.00	\$ 920,000.00	\$ 6,397,000.00
						<u>\$ 7,317,000.00</u>	<u>\$ 920,000.00</u>	<u>\$ 6,397,000.00</u>

Ref.

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C

**BOROUGH OF FLORHAM PARK**  
**GENERAL CAPITAL FUND**  
**GREEN ACRES PROGRAM - GREEN TRUST LOAN PAYABLE**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

**BOROUGH OF FLORHAM PARK**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE



BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
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, 2020	D	\$ 731,360.36	\$ 1,046,036.62
Increased by Receipts:			
Water Utility Collector		\$ 1,733,919.03	
Due Water Utility Capital Fund:			
Interest Earned		2,108.05	
Interfund Returned		223.35	
Bond Anticipation Notes			\$ 2,968,000.00
Premium on Bond Anticipation Notes			39,642.88
Water Overpayments		1,337.59	
Interest on Investments		1,200.72	
Due from Current Fund		1,551.97	
Due from Federal and State Grant Fund			601,634.85
Due Sewer Utility Capital Fund:			
Interest Advanced		345.80	
Budget Appropriation:			
Capital Improvement Fund			200,000.00
Deferred Charges to Future Revenue			75,000.00
Appropriation Refunds		5,608.34	
Due Water Utility Operating Fund:			
Interest Earned			2,790.74
Due Reserve for Connection Fees			21,457.18
		<u>1,746,294.85</u>	<u>3,908,525.65</u>
		2,477,655.21	4,954,562.27
Decreased by Disbursements:			
2021 Appropriation Expenditures		1,756,858.44	
2020 Appropriation Reserve Expenditures		112,624.64	
Accrued Interest on Notes		22,500.00	
Prior Year Accounts Payable		96.00	
Utility Overpayment Refund		253.72	
Due Water Utility Operating Fund:			
Interfund Returned			223.35
Interest Earned			2,108.05
Improvement Authorizations			1,873,346.21
		<u>1,892,332.80</u>	<u>1,875,677.61</u>
Balance December 31, 2021	D	<u>\$ 585,322.41</u>	<u>\$ 3,078,884.66</u>

**BOROUGH OF FLORHAM PARK**  
**WATER UTILITY OPERATING FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2021**

## Increased by Receipts:

## Consumer Accounts Receivable:

Water Rents	\$ 1,254,928.50
Miscellaneous Revenue	478,990.53
Total Consumer Accounts Receivable	<u>1,733,919.03</u>

## Decreased by Disbursements:

Paid to Treasurer	<u>\$ 1,733,919.03</u>
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**BOROUGH OF FLORHAM PARK  
WATER UTILITY CAPITAL FUND  
ANALYSIS OF CASH**

	Balance / (Deficit) Dec. 31, 2020	Receipts		Disbursements			Balance / (Deficit) Dec. 31, 2021
		Bond Anticipation Notes	Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	
Fund Balance	\$ 294,808.37			\$ 39,642.88			\$ 334,451.25
Capital Improvement Fund	185,675.73						165,675.73
Due Water Utility Operating Fund	223.35		\$ 275,000.00	2,790.74		\$ 2,331.40	682.69
Due Federal and State Grant Fund				601,634.85			601,634.85
Reserve for Connection Fees	36,506.10			21,457.18			57,963.28
Reserve for Payment of Debt Service	5,367.03						5,367.03
<hr/>							
Ord. No.	Ord. No.	Improvement Authorizations					
5/31/2006	06-17	Iron and Manganese Removal Plant					
							(115,668.43)
5/28/2013	13-06	Water Valve Replacements					
							(105,226.24)
9/21/2017	17-15	Various Water Improvements			\$ 6,858.34		
							8,492.37
09/20/18	19-05	Acquisition of Equipment			507,372.30		
							142,627.70
06/25/20	20-10	Water Utility Vehicles			77,454.00		
							26,546.00
03/18/21	21-08	Improvements to the Exxon Well Facility			1,281,661.57		
			\$ 2,968,000.00			220,000.00	1,906,338.43
			\$ 2,968,000.00	\$ 665,525.65	\$ 1,873,346.21	\$ 2,331.40	\$ 3,078,884.66
			\$ 275,000.00	\$ 495,000.00	\$ 495,000.00	\$ 495,000.00	\$ 3,078,884.66

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

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 89,448.33
Increased by:		
Water Rents Levied	\$ 1,252,227.58	
Miscellaneous Fees Levied	478,990.53	
		<u>1,731,218.11</u>
		1,820,666.44
Decreased by:		
Collections:		
Water Rents:		
Received	1,254,928.50	
Overpayments Applied	1,679.97	
Miscellaneous Fees	478,990.53	
		<u>1,735,599.00</u>
Balance December 31, 2021	D	<u><u>\$ 85,067.44</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2020	D	<u>\$ 5,791,305.00</u>
Balance December 31, 2021	D	<u><u>\$ 5,791,305.00</u></u>

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

Improvement Description	Ordinance		Balance	2021	Balance
	No.	Date	Dec. 31, 2020	Authorizations	Dec. 31, 2021
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
Improvements to the Exxon Well Facility	21-08	3/18/2021		\$ 4,620,000.00	4,620,000.00
			<u>\$ 9,983,000.00</u>	<u>\$ 4,620,000.00</u>	<u>\$ 14,603,000.00</u>
			D		D

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

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 24,065.53	\$ 24,065.53		\$ 24,065.53
Other Expenses	122,105.12	122,105.12	\$ 113,947.16	8,157.96
	<u>\$ 146,170.65</u>	<u>\$ 146,170.65</u>	<u>\$ 113,947.16</u>	<u>\$ 32,223.49</u>

Ref.

Analysis of Balance December 31, 2020:

Appropriation Reserves:

Unencumbered	D	\$ 70,704.63
Encumbered	D	75,466.02
		<u>\$ 146,170.65</u>

Cash Disbursed	\$ 112,624.64
Accounts Payable	1,322.52
	<u>\$ 113,947.16</u>



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

Improvement Description	No.	Ordinance Date	Amount	2021 Authorizations				Paid or Charged	Balance Dec. 31, 2021	
				Balance Dec. 31, 2020	Capital Improvement Fund	Deferred Charges to Future Revenue			Funded	Unfunded
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			15,350.71	\$ 6,858.34			8,492.37
Replacement of Water Meters	19-05	03/21/19	650,000.00		\$ 50,000.00	600,000.00	507,372.30	\$ 50,000.00		92,627.70
Water Utility Vehicles	20-10	06/25/20	104,000.00		104,000.00		77,454.00	26,546.00		
Improvements at the Exxon Well Facility	21-08	03/18/21	4,620,000.00		\$ 220,000.00	\$ 4,400,000.00	1,281,661.57	220,000.00		3,118,338.43
				\$ 154,000.00	\$ 220,000.00	\$ 4,400,000.00	\$ 1,873,346.21	\$ 296,546.00		\$ 10,973,693.83

Ref. D D D

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

	<u>Ref.</u>	
Balance December 31, 2020	D	\$ 185,675.73
Increased by:		
2021 Budget Appropriation		200,000.00
		<u>385,675.73</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		220,000.00
		<u>220,000.00</u>
Balance December 31, 2021	D	<u><u>\$ 165,675.73</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2020	D	<u>\$ 5,820,705.00</u>
Balance December 31, 2021	D	<u><u>\$ 5,820,705.00</u></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, 2020</u>	<u>2021 Authorizations</u>	<u>Paid for by Budget Appropriation</u>	<u>Balance Dec. 31, 2021</u>
Iron & Maganese Removal Plant	06-17	5/31/2006			\$ 25,000.00	\$ 25,000.00
Water Valve Replacements	13-06	5/28/2013	\$ 249,470.00		50,000.00	299,470.00
Various Water Improvements	17-15	9/21/2017	50,000.00		48,000.00	98,000.00
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
Water Utility Vehicles	20-10	6/25/2020		\$ 220,000.00		220,000.00
			<u>\$ 453,470.00</u>	<u>\$ 220,000.00</u>	<u>\$ 123,000.00</u>	<u>\$ 796,470.00</u>
	<u>Ref.</u>		D			D

**BOROUGH OF FLORHAM PARK**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2021**

Improvement Description	Ord. No.	Date of				Interest Rate	Balance		Issued	Matured	Balance	
		Issue of Original Note	Issue	Maturity			Dec. 31, 2020				Dec. 31, 2021	
Various Water Improvements	17-15	9/21/2017	12/21/2017	11/12/2020	11/12/2021	1.50%	\$	900,000.00	\$	900,000.00		
				11/10/2021	9/2/2022	1.50%			\$	852,000.00	\$	852,000.00
Acquisition of Equipment	19-05	3/21/2019	11/14/2019	11/12/2020	11/12/2021	1.50%		600,000.00		600,000.00		600,000.00
				11/10/2021	9/2/2022	1.50%						
Improvements at the Exxon Well Facility	21-08	3/18/2021	9/2/2021	9/2/2022	9/2/2022	1.25%			1,500,000.00		1,500,000.00	
				11/10/2021	9/2/2022	1.50%			1,468,000.00		1,468,000.00	
							<u>\$ 1,500,000.00</u>		<u>\$ 4,420,000.00</u>		<u>\$ 4,420,000.00</u>	
							<u>Ref.</u>		<u>D</u>		<u>D</u>	

**BOROUGH OF FLORHAM PARK**  
**WATER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

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

Ordinance Date	Ord. No.	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Bond Anticipation Notes Issued	Paid for by Budget Appropriation	Balance Dec. 31, 2021
5/31/2006	06-17	Iron and Manganese Removal Plant	\$ 7,800,000.00			\$ 25,000.00	\$ 7,775,000.00
5/28/2013	13-06	Water Valve Replacement	200,130.00			50,000.00	150,130.00
3/18/2021	21-08	Improvements at the Exxon Well Facility		\$ 4,400,000.00	\$ 2,968,000.00		1,432,000.00
			<u>\$ 8,000,130.00</u>	<u>\$ 4,400,000.00</u>	<u>\$ 2,968,000.00</u>	<u>\$ 75,000.00</u>	<u>\$ 9,357,130.00</u>

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
SEWER UTILITY FUND



**BOROUGH OF FLORHAM PARK**  
**SEWER UTILITY FUND**  
**SCHEDULE OF CASH - TREASURER**

Ref.	Operating	Trust	Capital
E	\$ 5,574,844.81	\$ 49,409.30	\$ 6,945,031.28
Balance December 31, 2020			
Increased by Receipts:			
Sewer User Charges	\$ 3,397,958.87		
Sewer Overpayments	52.59		
Sewer User Prepayments	518,884.10		\$ 342,983.42
Reserve for Sewer Extensions			
Budget Appropriation:			
Capital Improvement Fund			240,000.00
Miscellaneous Revenue	23,529.23		
Appropriation Refunds	2,695.70		
Premium on Bond Anticipation Notes			8,009.57
Due Current Fund:			
Interfund Returned	5,022.47		
Due Sewer Utility Operating Fund:			
Interfund Returned			880.00
Due Sewer Utility Capital Fund:			
Prior Year Interfund Returned	1,459.97		
Interest Earned	16,357.62		17,800.31
Due Other Trust Fund:			
Interfund Returned			15,000.00
Interest Earned:		\$ 67.64	
Escrow Deposits			
Interest on Investments	13,052.39		
	<u>3,979,012.94</u>	<u>67.64</u>	<u>624,673.30</u>
	9,553,857.75	49,476.94	7,569,704.58
Decreased by Disbursements:			
2021 Appropriation Expenditures	3,513,990.13		
2020 Appropriation Reserve Expenditures	312,795.84		
Accrued Interest on Loans	17,647.81		
Accrued Interest on Notes	16,814.99		
Fund Balance Anticipated in Current Fund	235,000.00		
Due Water Utility Operating Fund:			
Interfund Returned	345.80		
Due Sewer Utility Operating Fund:			
Interfund Returned			1,459.97
Interest Earned			16,357.62
Due Sewer Utility Capital Fund:			
Interfund Advanced	880.00		
Improvement Authorizations			898,104.15
	<u>4,097,474.57</u>		<u>915,921.74</u>
E	\$ 5,456,383.18	\$ 49,476.94	\$ 6,653,782.84
Balance December 31, 2021			

**BOROUGH OF FLORHAM PARK**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

**BOROUGH OF FLORHAM PARK**  
**SEWER UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

	Ord. Date	Ord. No.	Improvement Authorizations	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021	
				Balance Dec. 31, 2020	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$	40,872.68	\$	8,009.57						\$	48,882.25
Due Sewer Utility Operating Fund		1,459.97		18,680.31			\$	17,817.59			2,322.69
Due Other Trust Fund				15,000.00					\$	15,000.00	
Reserve for Sewer Extension		2,770,349.49		342,983.42					\$	15,000.00	2,503,332.91
Reserve for Sewer Connection Fees		503,533.35									503,533.35
Capital Improvement Fund		650,000.00		240,000.00					750,000.00		140,000.00
Reserve for Encumbrances										638,547.95	638,547.95

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

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 162,455.67
Increased by:		
Sewer Rents Levied		4,038,843.30
		<u>4,201,298.97</u>
Decreased by:		
Collections:		
Sewer User Charges Received	\$ 3,397,958.87	
Prepayments Applied	<u>545,503.98</u>	
		<u>3,943,462.85</u>
Balance December 31, 2021	E	<u><u>\$ 257,836.12</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 17,048,837.00
Increased by:		
Additions by:		
Transfer from Fixed Capital Authorized and Uncomplete		<u>500,000.00</u>
Balance December 31, 2021	E	<u>\$ 17,548,837.00</u>

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

Improvement Description	Ordinance		Balance Dec. 31, 2020	2021 Authorizations	Costs to Fixed Capital	Balance Dec. 31, 2021
	No.	Date				
Installation of a Chemical Phosphorus System, Repairs, and Various Sewer Improvements	17-3	2/16/2017	\$ 500,000.00			
Sewer Line Repairs & Various Improvements	17-14	9/21/2017	2,175,000.00		\$ 500,000.00	\$ 2,175,000.00
Various Improvements	19-11	6/13/2019	1,645,000.00			1,645,000.00
Various Improvements	21-10	4/15/2021	1,375,000.00	\$ 1,375,000.00		1,375,000.00
			<u>\$ 4,320,000.00</u>	<u>\$ 1,375,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 5,195,000.00</u>
			<u>Ref.</u>			E
						E

**BOROUGH OF FLORHAM PARK**  
**SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF 2020 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 67,897.96	\$ 67,897.96		\$ 67,897.96
Other Expenses	<u>324,180.68</u>	<u>324,180.68</u>	<u>\$ 312,795.84</u>	<u>11,384.84</u>
	<u><u>\$ 392,078.64</u></u>	<u><u>\$ 392,078.64</u></u>	<u><u>\$ 312,795.84</u></u>	<u><u>\$ 79,282.80</u></u>

Ref.

Analysis of Balance December 31, 2020:

Appropriation Reserves:

Unencumbered	E	\$ 143,426.45
Encumbered	E	<u>248,652.19</u>
		<u><u>\$ 392,078.64</u></u>

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

Improvement Description	Ordinance		Balance Dec. 31, 2020		2021 Authorizations		Balance Dec. 31, 2021			
	No.	Date	Amount	Funded	Unfunded	Capital Improvement	Reserve for Sewer Extensions	Paid or Charged	Funded	Unfunded
						Fund				
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	232,991.71	\$ 1,121,000.00			178,991.71	\$ 259,000.00	\$ 916,000.00
Various Improvements	19-11	6/13/2019	1,645,000.00	1,405,431.86				1,125,275.39	280,156.47	
Various Improvements	21-10	4/15/2021	1,375,000.00			\$ 750,000.00	\$ 625,000.00	12,992.78	1,362,007.22	
				\$ 1,857,815.79	\$ 1,121,000.00	\$ 750,000.00	\$ 625,000.00	\$ 1,536,652.10	\$ 1,901,163.69	\$ 916,000.00
			Ref.	E	E				E	E
							Cash Disbursed	\$ 898,104.15		
							Reserve for Encumbrances	638,547.95		
								\$ 1,536,652.10		



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

	<u>Ref.</u>	
Balance December 31, 2020		\$ 650,000.00
Increased by:		
Budget Appropriations	E	240,000.00
		<u>890,000.00</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>750,000.00</u>
Balance December 31, 2021	E	<u><u>\$ 140,000.00</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2020	E	\$ 16,217,910.22
Increased by:		
Paid by Sewer Utility Operating Budget:		
Loans	\$ 161,505.94	
Transfer from Deferred Reserve for Amortization	<u>500,000.00</u>	
		<u>661,505.94</u>
		16,879,416.16
Balance December 31, 2021	E	<u><u>\$ 16,879,416.16</u></u>

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

Improvement Description	Ord. No.	Ordinance Date	Balance Dec. 31, 2020	2021 Authorizations	Transfer to Reserve for Amortization	Paid by Budget Appropriation	Balance Dec. 31, 2021
Installation of a Chemical Phosphorus System, Repairs, and Various Sewer Improvements	17-3	2/16/2017	\$ 500,000.00		\$ 500,000.00	\$ 205,000.00	\$ 1,259,000.00
Sewer Line Repairs & Various Improvements	17-14	9/21/2017	1,054,000.00				1,645,000.00
Various Improvements	19-11	6/13/2020	1,645,000.00				1,375,000.00
Various Improvements	21-10	4/15/2021		\$ 1,375,000.00			
			<u>\$ 3,199,000.00</u>	<u>\$ 1,375,000.00</u>	<u>\$ 500,000.00</u>	<u>\$ 205,000.00</u>	<u>\$ 4,279,000.00</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, 2020	Issued	Matured	Balance Dec. 31, 2021
		Original Issue	Issue	Maturity					
17-14	Sewer Line Repairs & Various Improvements	12/21/17	11/12/20	11/12/21	1.50%	\$ 1,121,000.00	\$ 916,000.00	\$ 1,121,000.00	\$ 916,000.00
			11/10/21	09/02/22	1.50%				
						<u>\$ 1,121,000.00</u>	<u>\$ 916,000.00</u>	<u>\$ 1,121,000.00</u>	<u>\$ 916,000.00</u>
					<u>Ref.</u>	<u>E</u>			<u>E</u>
					Paid by Budget Appropriation				
					Renewals				
							\$ 205,000.00	\$ 1,121,000.00	
							<u>\$ 1,121,000.00</u>	<u>\$ 1,326,000.00</u>	

**BOROUGH OF FLORHAM PARK**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**  
**YEAR ENDED DECEMBER 31, 2021**

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, 2020	E	\$ 830,926.78
Decreased by:		
Matured		<u>161,505.94</u>
Balance December 31, 2021	E	<u><u>\$ 669,420.84</u></u>

Analysis of Loan Outstanding December 31, 2021

<u>Due</u>	<u>Interest Rate</u>	<u>Trust</u>		<u>Fund Principal</u>	<u>Balance of Loan</u>
		<u>Interest</u>	<u>Principal</u>		
2022	4.375%	\$ 17,062.50	\$ 90,000.00	\$ 68,969.41	\$ 669,420.84
2023	4.375%	13,125.00	95,000.00	69,653.87	510,451.43
2024	4.375%	8,968.75	100,000.00	70,197.41	345,797.56
2025	4.375%	4,593.75	105,000.00	70,600.15	175,600.15
		<u>\$ 43,750.00</u>	<u>\$ 390,000.00</u>	<u>\$ 279,420.84</u>	-0-

**BOROUGH OF FLORHAM PARK**  
**SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

BOROUGH OF FLORHAM PARK  
COUNTY OF MORRIS  
2021  
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, 2020	F	\$ 165,555.92	\$ 215,097.23
Increased by Receipts:			
Pool Utility Collector		\$ 162,066.88	
Appropriation Refunds		834.49	
Due Pool Utility Capital Fund:			
Interest Earned		497.45	
Interest Earned		391.04	
Due Pool Utility Operating Fund:			
Interest Earned			\$ 545.24
		<u>163,789.86</u>	<u>545.24</u>
		329,345.78	215,642.47
Decreased by Disbursements:			
2021 Appropriation Expenditures		187,231.44	
2020 Appropriation Reserve Expenditures		618.00	
Due Pool Utility Operating Fund:			
Interest Earned			497.45
		<u>187,849.44</u>	<u>497.45</u>
Balance December 31, 2021	F	<u>\$ 141,496.34</u>	<u>\$ 215,145.02</u>

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY OPERATING FUND**  
**SCHEDULE OF CASH - COLLECTOR**  
**YEAR ENDED DECEMBER 31, 2021**

## Increased by Receipts:

## Consumer Accounts Receivable:

Pool User Charges

\$ 112,724.00

Miscellaneous Revenue

49,342.88

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162,066.88

## Decreased by Disbursements:

Paid to Treasurer

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\$ 162,066.88

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY CAPITAL FUND**  
**ANALYSIS OF CASH**

			Balance/ (Deficit) Dec. 31, 2020	Receipts Miscellaneous	Disbursements Miscellaneous	Balance/ (Deficit) Dec. 31, 2021
Fund Balance			\$ 66,307.37			\$ 66,307.37
Capital Improvement Fund			156,961.00			156,961.00
Due Pool Utility Operating Fund			46.31	\$ 545.24	\$ 497.45	94.10
<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>\$ 215,097.23</u>	<u>\$ 545.24</u>	<u>\$ 497.45</u>	<u>\$ 215,145.02</u>

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY OPERATING FUND**  
**SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2021**

Ref.

Increased by:

Pool Fees Levied	\$ 112,724.00	
Miscellaneous Fees Levied	49,342.88	
	<u>                    </u>	<u>\$ 162,066.88</u>

Decreased by:

Collections:

Pool User Charges Received	112,724.00	
Miscellaneous Fees	49,342.88	
	<u>                    </u>	<u><u>\$ 162,066.88</u></u>

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Ref.</u>	
Balance December 31, 2020	F	<u>\$ 1,360,687.45</u>
Balance December 31, 2021	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, 2021**

NOT APPLICABLE

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY OPERATING FUND**  
**SCHEDULE OF 2020 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>
Operating:				
Salaries and Wages	\$ 9,732.50	\$ 9,732.50		\$ 9,732.50
Other Expenses	12,211.62	12,211.62	\$ 618.00	11,593.62
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	756.00	756.00		756.00
	<u>\$ 22,700.12</u>	<u>\$ 22,700.12</u>	<u>\$ 618.00</u>	<u>\$ 22,082.12</u>

Ref.

Analysis of Balance December 31, 2020:

Appropriation Reserves:		
Unencumbered	F	\$ 21,651.12
Encumbered	F	1,049.00
		<u>\$ 22,700.12</u>

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE



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

	<u>Ref.</u>	
Balance December 31, 2020	F	<u>\$ 156,961.00</u>
Balance December 31, 2021	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, 2020	F	<u>\$ 1,352,470.00</u>
Balance December 31, 2021	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, 2021**

NOT APPLICABLE

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF SERIAL BONDS PAYABLE**  
**YEAR ENDED DECEMBER 31, 2021**

NOT APPLICABLE

**BOROUGH OF FLORHAM PARK**  
**POOL UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**YEAR ENDED DECEMBER 31, 2021**

<u>Ordinance Date</u>	<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>Balance Dec. 31, 2021</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, 2021

**BOROUGH OF FLORHAM PARK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2021**

Name of Federal Agency or Department	Name of Program	Assistance Listing 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		\$ 1,491.53	\$ 3,463.65	
				01/01/20	12/31/21	2,458.40		2,458.40	2,458.40	
Total Department of Justice								3,949.93	5,922.05	
U.S. Department of Homeland Security (Passed through the Department of Law and Public Safety)	Emergency Management Performance Grant - Non Terrorism	97.042	N/A	07/01/21	06/30/22	10,000.00	\$ 10,000.00			
Total U.S. Department of Homeland Security							10,000.00		153,693.73	
U.S. Department of Treasury (Passed through Department of Community Affairs)	COVID-19 - American Rescue Plan Coronavirus State and Local Government Fiscal Recovery Funds	21.027	100-022-8030 -687-046010	03/03/21	12/31/24	601,634.85	601,634.85			
	COVID-19 - Local Government Emergency Fund - COVID-19	21.019	100-022-8030 -686-049690	03/01/20	12/31/21	137,000.00	137,000.00	137,000.00 *	137,000.00	
Total Department of Treasury										
Total Federal Awards							738,634.85	137,000.00	137,000.00	
N/A - Not Available							\$ 748,634.85	\$ 140,949.93	\$ 296,615.78	\$ -0-

\* 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, 2021

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
Department of Environmental Protection	Clean Communities	765-042-4900- 004-V42Y-6020	01/01/21	12/31/22	\$ 22,632.56	\$ 22,632.56	\$ 8,659.14	\$ 8,659.14
	Total Clean Communities					22,632.56	8,659.14	8,659.14
	Recycling Tonnage Grant	752-042-4900- 001-6010	01/01/20	12/31/22	50,635.46	12,204.97	12,285.00	28,726.80
	Total Recycling Tonnage Grant					12,204.97	12,285.00	28,726.80
Total Department of Environmental Protection						34,837.53	20,944.14	37,385.94
Department of Law and Public Safety	Body Armor Grant	718-066-1020- 001-YCJS-6010	01/01/20	12/31/21	2,464.25	2,464.25	2,464.25	2,464.25
	Total Body Armor Grant					2,464.25	2,464.25	2,464.25
	Drunk Driving Enforcement Fund	100-078-6400- 260-6010	01/01/17 01/01/18 01/01/21	12/31/21 12/31/22 12/31/22	3,949.70 3,707.55 4,285.91	4,285.91	2,704.62 1,594.38	3,949.70 1,594.38
	Total Drunk Driving Enforcement Fund					4,285.91	4,299.00	5,544.08
Total Department of Law and Public Safety Department of Health and Senior Services	Body Worn Camera Assistance	N/A	01/01/21	12/31/25	73,368.00		73,368.00	73,368.00
	Total Body Worn Camera Assistance						73,368.00	73,368.00
	Alcohol Education Rehabilitation Fund	760-098-9735- 789-6010	01/01/10 01/01/21	12/31/22 12/31/22	2,339.70 3,180.78	3,180.78	1,350.92	1,927.29
	Total Alcohol Education Rehabilitation Fund					3,180.78	1,350.92	1,927.29
Total Department of Health and Senior Services Department of Transportation New Jersey Transportation Trust Fund Authority	Campus Drive Jugs-Handle and Traffic Signal	480-078-6320- AMQ-6010	06/29/17	12/31/21	175,000.00	43,750.00		175,000.00
	Columbia Turnpike & Crescent Road Traffic Signal	480-078-6320- AM2-6010	04/06/18	12/31/21	120,000.00	71,250.00		120,000.00
	Briarwood and Ridgedale Road	480-078-6320- AN8-6010	02/05/20	12/31/21	350,000.00	262,500.00		350,000.00

BOROUGH OF FLORHAM PARK  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED DECEMBER 31, 2021  
(Continued)

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period From To	Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
Department of Transportation (Cont'd) New Jersey Transportation Trust Fund Authority (Cont'd)							
	Columbia Turnpike and Hanover Road	480-078-6320- ANS-6010	09/13/19 12/31/21	\$ 120,000.00	\$ 90,000.00		\$ 120,000.00
	New Jersey Transportation Trust Fund Authority				467,500.00		765,000.00
					467,500.00		765,000.00
					<u>\$ 512,268.47</u>	<u>\$ 102,426.31</u>	<u>\$ 885,689.56</u>

Total Department of Transportation

Total State Awards

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, 2021

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, 2021. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, 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, 2021:

New Jersey Environmental Infrastructure Trust Loan	\$ 669,420.84
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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, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated June 2, 2022. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough's internal control over financial reporting (internal control) as a basis for designing 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 identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2021-001, 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

### **Report on Compliance and Other Matters**

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

### **The Borough's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Borough's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 2, 2022  
Mount Arlington, New Jersey

NISIVOCCIA LLP

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

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the Borough prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- 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, 2021 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 2021-001

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, 2021  
(Continued)

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

Finding 2021-001 (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, 2021

The Borough's prior year audit finding 2020-001 regarding segregation of duties has not been completely resolved due to budgetary constraints and is included as finding 2021-001.



BOROUGH OF FLORHAM PARK

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

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, 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 and utilities on or before the date when they would become delinquent.

On January 1, 2021, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes, sewer rents, and water rents:

"The interest penalty for delinquent taxes to be charged by the Chief Revenue Collector for delinquencies shall be 8% per annum of the first \$1,500 and 18% per annum on any amount in excess of \$1,500 payable from 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, 2021, 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:

<u>Year</u>	<u>Number of Liens</u>
2021	4
2020	4
2019	3

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 2022 & 2021 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:

- 1) 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 is recommended that the Borough ensure purchase orders are prepared and approved prior to the goods or services to ensure the availability of funds.
- 2) During the course of our testing, there were two budgeted pool revenue receipts posted as miscellaneous revenue. It is recommended that greater care be used to ensure pool receipts are posted to the appropriate revenue account.
- 3) During the review of construction permits, it was noted the construction permits were not always being issued in sequential order. During 2021, the Borough took corrective action to ensure all permits are issued in sequential order, no formal recommendation deemed necessary.

Management Response:

- 1) All purchase orders will be prepared and approved prior to the purchase of goods or services to ensure the availability of funds.
- 2) Greater care will be taken to ensure pool receipts are posted to the appropriate revenue account.

BOROUGH OF FLORHAM PARK  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough Magistrate under separate cover. Reflected below is a summary of Receipts and Disbursements for the year ended December 31, 2021

	Balance Dec. 31, 2020	Receipts	Disbursements	Balance Dec. 31, 2021
State of New Jersey	\$ 4,219.79	\$ 72,875.21	\$ 72,499.92	\$ 4,595.08
County of Morris	3,612.00	61,748.61	61,689.61	3,671.00
Municipality	6,081.58	126,480.45	124,572.90	7,989.13
Municipality - POAA		20.00	20.00	
Weights and Measures		22,600.00	18,750.00	3,850.00
Tree Fines		4,733.00	4,733.00	
Public Defender		1,750.00	1,550.00	200.00
Bail	300.00	10,210.00	8,200.00	2,310.00
	<u>\$ 14,213.37</u>	<u>\$ 300,417.27</u>	<u>\$ 292,015.43</u>	<u>\$ 22,615.21</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.

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.

Third Party Administrator

It is suggested that the Borough monitor employee payouts and deductions report by third party administrators.

BOROUGH OF FLORHAM PARK  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management Suggestions (Cont'd)

Governmental Accounting Standards Board (GASB) Statements

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

COVID-19 Federal Funding

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

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

Status of Prior Year Recommendations

The prior year recommendations regarding segregation of duties and ensuring purchase orders are prepared and approved prior to the goods or services to ensure the availability of funds have not been resolved and are 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 ensure purchase orders are prepared and approved prior to the purchase of goods or services to ensure the availability of funds.
3. Greater care be used to ensure pool receipts are posted to the appropriate revenue account.

\* \* \* \* \*