BOROUGH OF DUMONT

BERGEN COUNTY, NEW JERSEY

REPORT OF AUDIT

YEAR ENDED DECEMBER 31, 2020

BOROUGH OF DUMONT

TABLE OF CONTENTS

Exhibits		Page
	PART I – Report on Audit of Financial Statements and Supplementary Schedules	
	Independent Auditor's Report	1-3
	Financial Statements	
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	5
A-2	Statement of Revenues – Regulatory Basis – Current Fund	6-8
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	9-13
B	Comparative Balance Sheets – Regulatory Basis - Trust Funds	14-15
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	16
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	17
D	Comparative Balance Sheets – Regulatory Basis – Public Assistance Fund	18
E	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	19
	Notes to Financial Statements	20-64
	Supplementary Schedules	
	Current Fund	
A-4	Statement of Cash	65
A-5	Statement of Petty Cash Funds	66
A-6	Statement of Grants Receivable	66
A-7	Statement of Due from State of New Jersey Senior Citizens' and Veterans' Deductions	66
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	67
A-9	Statement of Tax Title Liens Receivable	68
A-10	Statement of Property Acquired for Taxes (At Assessed Valuation)	68
A-11	Statement of Deferred Charges	68
A-12	Statement of Revenue Accounts Receivable	69
A-13	Statement of Appropriation Reserves	70-71
A-14	Statement of Encumbrances/Accounts Payable	72
A-15	Statement of Due From Dumont Free Public Library	72
A-16	Statement of Miscellaneous Reserves	73
A-17	Statement of Prepaid Taxes	73
A-18	Statement of Tax Overpayments	73
A-19	Statement of Local School District Tax Payable	74
A-20	Statement of County Taxes Payable	74
A-21	Schedule of Appropriated Grant Reserves	74
A-22	Statement of Unappropriated Reserves for Grants	75

BOROUGH OF DUMONT

TABLE OF CONTENTS
(Continued)

Exhibits		Page
	Supplementary Schedules (Continued)	
	Trust Funds	
B-1	Statement of Trust Cash	76
B-2	Statement of Reserve for Animal Control Expenditures	77
B-3	Statement of Due To State of New Jersey - Dog Regulation Fees	77
B-4	Statement of Due to Current Fund – Animal Control Fund	77
B-5	Statement of Escrow Deposits	78
B-6	Statement of Reserve for Unemployment Insurance Expenditures	78
B-7	Statement of Due To/From Current Fund	78
B-8	Statement of Miscellaneous Reserves	79
B-9	Statement of Accrued Salaries/Wages and Payroll Deductions Payable	79
B-10	Statement of Due to State of New Jersey - Unemployment Insurance Fund	80
B-11	Statement of Due from Payroll Service Provider	80
	General Capital Fund	
C-2	Statement of General Capital Cash	81
C-3	Analysis of General Capital Cash	82
C-4	Statement of Deferred Charges to Future Taxation - Funded	83
C-5	Statement of Deferred Charges to Future Taxation - Unfunded	84
C-6	Statement of Grants Receivable	85
C-7	Statement of Deferred Charges Unfunded – Cancelled Grant Receivables	85
C-8	Statement of Due From Current Fund	86
C-9	Statement of General Serial Bonds	87
C-10	Schedule of Pension Obligation Lease Payable	88
C-11	Statement of Bond Anticipation Notes	89
C-12	Statement of Improvement Authorizations	90
C-13	Statement of Contracts Payable	91
C-14	Statement of Green Trust Fund Loan Payable	91
C-15	Statement of Environmental Infrastructure Trust Loan Payable	91
C-16	Statement of Capital Improvement Fund	91
C-17	Statement of Reserve for Payment of Debt	92
C-18	Statement of Bonds and Notes Authorized But Not Issued	92

BOROUGH OF DUMONT

TABLE OF CONTENTS
(Continued)

Exhibits		Page
	Supplementary Schedules (Continued)	
	Public Assistance Fund	
D-1	Statement of Public Assistance Cash	93
D-2	Statement of Reserve for Public Assistance Expenditures	93
D-3	Statement of Public Assistance Revenues	93
D-4	Statement of Public Assistance Expenditures	93
	Part II – Government Auditing Standards	
	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 Auditor's Report	94-95
	Schedule of Federal Awards, Schedule A	96
	Schedule of State Financial Assistance, Schedule B	97
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	98-99
	Schedule of Findings and Responses	100-101
	Schedule of Prior Year Audit Findings	102
	Part III – Supplementary Data and Letter of Comments and Recommendations	
	Comparative Schedule of Tax Rate Information	103
	Comparison of Tax Levies and Collection Currently	103
	Delinquent Taxes and Tax Title Liens	104
	Property Acquired by Tax Title Lien Liquidation	104
	Comparative Schedule of Fund Balances	104
	Officials in Office and Surety Bonds	105
	General Comments	106-108
	Recommendations	109

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Dumont
50 Washington Avenue
Dumont, New Jersey 07628

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Dumont, as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the Current Fund for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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 of Dumont on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 17 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the Borough's financial statements as of and for the years ended December 31, 2020 and 2019. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 51 percent and 52 percent of the assets and liabilities, respectively, of the Borough's Trust Funds as of December 31, 2020 and 2019.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of such adjustments, if any, as might have been determined to be necessary had the LOSAP Trust Fund financial statements been audited as described in the "Basis for Qualified Opinion on Regulatory Basis of Accounting" paragraph above, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Dumont as of December 31, 2020 and 2019, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the Current Fund for the year ended December 31, 2020 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Borough of Dumont as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Dumont.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.

The supplementary data and letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated August 19, 2021 on our consideration of the Borough of Dumont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Dumont's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Borough of Dumont's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
August 19, 2021

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

ASSETS	Reference	2020	2019
Cash	A-4	$ 6,471,413	$ 6,280,788
Petty Cash	A-5	400	400
Change Fund	A	275	250
Grants Receivable	A-6	345,207	340,207
Due From State - Senior Citizens and Veterans Deductions	A-7	8,907	9,157
		6,826,202	6,630,802
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8	535,592	504,843
Tax Title Liens	A-9	8,663	8,268
Property Acquired for Taxes	A-10	79,526	79,526
Revenue Accounts Receivable	A-12	1,213	5,509
Due from Animal Control Fund	B-4	12,055	10,259
Due from Other Trust Fund	B-7	282,358	-
		919,407	608,405
Deferred Charges			
Overexpenditure of Appropriation Reserves	A-11	13,299	
Overexpenditure of Appropriations	A-11	4,545	5,718
		17,844	5,718
Total Assets		$ 7,763,453	$ 7,244,925

LIABILITIES, RESERVES AND FUND BALANCE

Liabilities			
Appropriation Reserves	A-3,A-13	$ 1,111,434	$ 770,864
Encumbrances/Accounts Payable	A-14	894,790	1,213,902
Due to General Capital Fund	C-8	962,721	353,570
Due to Other Trust Fund	B-7		197,987
Miscellaneous Reserves	A-16	570,493	657,904
Prepaid Taxes	A-17	389,266	271,535
Tax Overpayments	A-18	93,356	46,407
County Taxes Payable	A-20	4,254	-
Appropriated Grant Reserves	A-21	66,588	49,114
Unappropriated Grant Reserves	A-22	36,957	60,727
		4,129,859	3,622,010
Reserve for Receivables and Other Assets	A	919,407	608,405
Fund Balance	A-1	2,714,187	3,014,510
Total Liabilities, Reserves and Fund Balance		$ 7,763,453	$ 7,244,925

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE - REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	$ 1,615,000	$ 1,490,000
Miscellaneous Revenues Anticipated	2,418,901	3,014,629
Receipts from Delinquent Taxes	504,843	527,133
Receipts from Current Taxes	62,994,911	61,540,694
Non-Budget Revenues	339,923	187,767
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	530,737	508,045
Cancellations		17,140
Interfunds Returned	10,259	14,005
Statutory Excess - Animal Control Fund	1,796	3,082
Total Revenues	68,416,370	67,302,495
EXPENDITURES		
Municipal Budget	23,106,208	22,765,661
County Taxes	5,337,824	5,052,259
Local District School Taxes	38,367,678	37,659,115
Overexpenditure of Appropriation Reserves	13,299	
Refund of Prior Year Revenues	115	7,219
Interfund Advance	294,413	3,082
Total Expenditures	67,119,537	65,487,336
Excess in Revenues	1,296,833	1,815,159
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	17,844	5,718
Statutory Excess to Fund Balance	1,314,677	1,820,877
Fund Balance, January 1	3,014,510	2,683,633
	4,329,187	4,504,510
Decreased by:		
Utilization as Anticipated Revenue	1,615,000	1,490,000
Fund Balance, December 31	$ 2,714,187	$ 3,014,510

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	NJSA 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Utilized	$ 1,615,000	-	$ 1,615,000	-
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	14,000		14,588	$ 588
Other	5,000		3,659	(1,341)
Fees and Permits				
Construction Code Official	300,000		239,900	(60,100)
Other	75,000		68,363	(6,637)
Fines and Costs - Municipal Court	75,000		46,053	(28,947)
Interest on Costs on Taxes	88,000		115,839	27,839
Interest on Investments and Deposits	40,000		41,817	1,817
Fire Inspections	15,000		31,560	16,560
Energy Receipts Tax	1,355,252		1,355,252	-
Recycling Tonnage Grant	20,000		20,000	-
Clean Communities Grant	32,872		32,872	
Police Body Armor Grant	3,412		3,412	
Census Grant		$ 5,000	5,000	
Bulletproof Vest Partnership Grant		3,185	3,185	
Police Outside Services - Admin. Fees	150,000		150,000	
General Capital Fund Balance	25,000		25,000	
Life Hazard Use Fees	6,000		9,146	3,146
PILOT - Senior Citizen Club	15,000		15,000	-
Cable Television Franchise Fees	225,000	-	238,255	13,255
Total Miscellaneous Revenues	2,444,536	8,185	2,418,901	(33,820)
Receipts from Delinquent Taxes	475,000	-	504,843	29,843
Amount to be Raised by Taxes for Support of				
Municipal Budget	19,118,269		19,839,667	721,398
Free Public Library	715,242	-	715,242	-
	19,833,511	-	20,554,909	721,398
Total General Revenues	$ 24,368,047	$ 8,185	25,093,653	$ 717,421
Non-Budget Revenues			339,923	
			$ 25,433,576	

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

Analysis of Realized Revenues		
Allocation of Current Tax Collections		
Revenues from Collections	$	62,994,911
Less: Allocation to School and County Taxes		43,705,502
Balance for Support of Municipal Budget Appropriation		19,289,409
Add Appropriation - "Reserve for Uncollected Taxes"		1,265,500
Amount for Support of Municipal Budget Appropriations	$	20,554,909
Licenses-Other		
Borough Clerk	$	3,446
Board of Health		213
	$	3,659
Fees and Permits-Other		
Borough Clerk	$	10,621
Police		2,402
Construction Code		22,935
Planning and Zoning		2,360
Fire Prevention		14,900
Board of Health		15,145
	$	68,363

BOROUGH OF DUMONT
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)

Analysis of Non-Budget Revenue		
Senior Bus Deductible	$	2,500
Sale of Fire Truck		14,000
Reimbursement of Prior Year Expenditures		46,652
Workers Compensation and Insurance Claim Refunds		12,034
Other Refunds		1,634
Metro PCS Monopole Rental		27,143
Miscellaneous Reimbursements		43,957
Admin Fee - Senior Citizens And Veterans		2,245
6% Tax Penalty		45,329
Recycling		9,460
Pilot - Bergen County Housing		39,667
Unison Revenue Sharing		18,465
Miscellaneous		76,837
	$	339,923

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

			Expended			
OPERATIONS WITHIN "CAPS"	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled	Over-Expenditures
GENERAL GOVERNMENT						
General Administration						
Salaries and Wages	$ 302,939	$ 286,939	$ 291,233			$ 4,294
Other Expenses	283,350	241,150	197,877	$ 43,273		
Postage	21,000	13,500	9,522	3,978		
Elections						
Other Expenses	16,000	14,000	10,668	3,332		
Financial Administration						
Salaries and Wages	103,184	109,184	101,434	7,750		
Other Expenses	188,000	236,000	186,845	49,155		
Assessment of Taxes						
Salaries and Wages	23,917	23,917	23,917	-		
Other Expenses	15,000	8,000	3,776	4,224		
Collection of Taxes						
Salaries and Wages	82,444	88,444	82,869	5,575		
Other Expenses	15,000	14,000	12,066	1,934		
Legal Services and Costs						
Borough Attorney - Other Expenses	100,000	120,000	107,823	12,177		
Special Counsel - Other Expenses	175,000	210,000	190,344	19,656		
Engineering						
Other Expenses	70,000	70,000	36,833	33,167		
Planning Board/Zoning Board						
Salaries and Wages	2,400	2,400	800	1,600		
Other Expenses	20,000	20,000	9,202	10,798		
Affordable Housing (COAH)						
Salaries and Wages	3,000	3,000	3,000	-		
Other Expenses	15,000	15,000	15,000			
Insurance						
Unemployment Insurance	10,000	10,000	10,000	-		
General Liability	360,000	360,000	343,668	16,332		
Workers Compensation	355,000	355,000	354,500	500		
Employee Group Health	1,750,000	1,730,000	1,580,735	149,265		
Health Benefit Waiver	35,000	35,000	27,746	7,254		
Rent Leveling Board						
Salaries and Wages	1,080	1,080	90	990		
Other Expenses	140	140	85	55		
Economic Development Committee						
Other Expenses	4,500	4,500	80	4,420		
PUBLIC SAFETY						
Fire Department						
Salaries and Wages	3,553	3,553	3,553	-		
Other Expenses	139,650	159,650	149,001	10,649		
Life Hazard Use Fees						
Salaries and Wages	41,131	41,131	39,650	1,481		-
Other Expenses	7,000	7,000	2,359	4,641		
Aid to Volunteer Fire Companies	49,000	49,000	49,000	-		
Rental of Fire Houses	40,000	40,000	40,000	-		
Fire Hydrant Services	180,000	180,000	158,323	21,677		

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Budget After Modification	Expended Paid or Charged	Expended Reserved	Cancelled	Over-Expenditures
PUBLIC SAFETY (Continued)						
Police Department						
Salaries and Wages	$ 5,401,569	$ 5,273,569	$ 5,166,339	$ 107,230		
Other Expenses	167,576	167,576	137,651	29,925		
Police Reserve - Other Expenses	4,250	4,250		4,250		
Emergency Management						
Salaries and Wages	3,500	3,600	3,500	100		
Other Expenses	4,200	4,200	329	3,871		
Volunteer Ambulance Corp.						
Other Expenses	40,000	40,000	40,000	-		
Municipal Prosecutor						
Salaries and Wages	8,446	8,546	8,446	100		
PUBLIC WORKS						
Streets and Road Maintenance						
Salaries and Wages	1,945,294	1,945,294	1,889,949	55,345		
Other Expenses	231,900	231,900	230,614	1,286		
Recycling						
Salaries and Wages	4,264	4,264	4,264	-		
Garbage and Trash Removal						
Other Expenses	1,745,000	1,830,000	1,828,063	1,937		
Sewer System						
Other Expenses	15,000	15,000	7,354	7,646		
Public Building and Grounds						
Salaries and Wages	175,358	175,358	158,212	17,146		
Other Expenses	30,500	70,500	30,152	40,348		
Shade Tree						
Other Expenses	12,000	12,000	9,567	2,433		
HEALTH AND HUMAN SERVICES						
Board of Health						
Salaries and Wages	76,469	76,469	76,720			$ 251
Other Expenses-Contractual	25,000	26,500	25,869	631		
Stigma Free Committee						
Other Expenses	1,000	1,000		1,000		
Other Expenses	8,000	8,000	1,670	6,330		
Administration of Public Assistance						
Salaries and Wages	4,000	4,000	4,000	-		
Other Expenses				-		
Aid to Community Center for Mental Health	8,000	8,000	8,000	-		
PARKS AND RECREATION						
Senior Citizens						
Salaries and Wages	85,824	93,824	86,444	7,380		
Other Expenses	20,000	20,000	16,183	3,817		
Parks and Playgrounds						
Salaries and Wages	130,800	60,800	43,754	17,046		
Other Expenses	45,000	45,000	24,448	20,552		

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Budget After Modification	Expended: Paid or Charged	Expended: Reserved	Cancelled	Over-Expenditures
OTHER COMMON OPERATING FUNCTIONS						
Celebration of Public Events						
Other Expenses	$ 50,000	$ 30,000	$ 1,418	$ 28,582		
Salary Adjustments						
Salaries and Wages	5,000	5,000		5,000		
MUNICIPAL COURT						
Salaries and Wages	103,382	115,382	113,777	1,605		
Other Expenses	10,000	10,000	9,488	512		
Public Defender						
Salaries and Wages	6,278	6,278	5,278	1,000		
UNIFORM CONSTRUCTION CODE APPROPRIATIONS OFFSET BY DEDICATED REVENUES						
CODE ENFORCEMENT AND ADMINISTRATION						
Salaries and Wages	242,395	253,395	237,995	15,400		
Other Expenses	18,150	18,150	12,666	5,484		
UNCLASSIFIED						
Utilities						
Gasoline	125,000	125,000	74,969	50,031		
Electricity	200,000	200,000	124,180	75,820		
Telephone	100,000	100,000	64,937	35,063		
Street Lighting	140,000	140,000	97,710	42,290		
Water	35,000	55,000	42,828	12,172	-	-
Total Operations Within "CAPS"	15,710,443	15,709,443	14,695,788	1,018,200	-	$ 4,545
Detail:						
Salaries and Wages	8,791,227	8,620,427	8,372,970	252,002	-	4,545
Other Expenses	6,919,216	7,089,016	6,322,818	766,198	-	-
DEFERRED CHARGES AND REGULATORY EXPENDITURES-MUNICIPAL-WITHIN "CAPS"						
Deferred Charges:						
Overexpenditure of Appropriations	5,718	5,718	5,718			
Overexpenditure of Capital Ordinance						
Prior Year Bills						
Garbage and Trash Removal	19,000	19,000	16,146		$ 2,854	
Statutory Expenditures:						
Contribution to:						
Social Security System	400,000	400,000	351,726	48,274		
Public Employees' Retirement System	437,250	437,250	437,250	-		
Police and Firemen's Retirement Fund of NJ	1,223,055	1,223,055	1,223,055	-		
Defined Contribution Retirement Plan	3,500	3,500	2,966	534	-	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	2,088,523	2,088,523	2,036,861	48,808	2,854	-
Total General Appropriations for Municipal Purposes within "CAPS"	17,798,966	17,797,966	16,732,649	1,067,008	2,854	4,545

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Budget After Modification	Expended: Paid or Charged	Expended: Reserved	Cancelled	Over-Expenditures
OPERATIONS - EXCLUDED FROM "CAPS"						
UTILITY EXPENSES AND BULK PURCHASES						
Bergen County Utilities Authority-Operations	$ 1,482,085	$ 1,483,085	$ 1,482,084	$ 1,001		
Bergen County Utilities Authority-Debt Service	574,159	574,159	574,159			
EDUCATION FUNCTIONS						
Maintenance of Free Public Library	715,242	715,242	715,242			
PUBLIC SAFETY						
Length of Service Awards Program	50,000	50,000	39,600	10,400	-	-
Total Other Operations - Excluded from "CAPS"	2,821,486	2,822,486	2,811,085	11,401	-	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES						
FEDERAL AND STATE GRANTS						
Recycling Tonnage Grant						
State Share	20,000	20,000	10,839	9,161		
Police Body Armor						
Other Expenses	3,412	3,412	1,998	1,414		
Clean Communities						
Other Expenses	32,872	32,872	14,667	18,205	-	-
Census Grant						
Other Expenses		5,000	3,940	1,060		
Bulletproof Vest Partnership Grant						
Other Expenses	-	3,185	-	3,185	-	-
Total Public and Private Programs Offset by Revenues	56,284	64,469	31,444	33,025	-	-
Total Operations Excluded from "CAPS"	2,877,770	2,886,955	2,842,529	44,426	-	-
Detail:						
Other Expenses	2,877,770	2,886,955	2,842,529	44,426	-	-
CAPITAL IMPROVEMENTS -						
Capital Improvement Fund	50,000	50,000	50,000	-	-	-
Total Capital Improvements	50,000	50,000	50,000	-	-	-
MUNICIPAL DEBT SERVICE -						
Payment of Bond Principal	1,070,000	1,070,000	1,070,000			
Interest on Bonds	544,150	544,150	544,148		$ 2	
Interest on Notes	165,000	165,000	164,532		468	
Green Trust						
Loan Repayments for Principal and Interest	12,437	12,437	12,437			
Bergen County Improvement Authority -						
Loan Repayment	109,268	109,268	104,048		5,220	
NJEIT Loan Principal	366,656	366,656	366,656		-	
NJEIT Loan Interest	61,300	61,300	60,775	-	525	-
Total Municipal Debt Service	2,328,811	2,328,811	2,322,596	-	6,215	-

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Budget After Modification	Expended Paid or Charged	Reserved	Cancelled	Over-Expenditures
DEFERRED CHARGES EXCLUDED FROM "CAPS"						
Deferred Charges Unfunded						
Cancelled Capital Grants	$ 39,812	$ 39,812	$ 39,812			
Ord. No. 1520	4,908	4,908	4,908			
Ord. No. 1275	2,280	2,280	2,280	-	-	-
Total Deferred Charges	47,000	47,000	47,000	-	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,303,581	5,312,766	5,262,125	$ 44,426	$ 6,215	-
Subtotal General Appropriations	23,102,547	23,110,732	21,994,774	1,111,434	9,069	$ 4,545
RESERVE FOR UNCOLLECTED TAXES	1,265,500	1,265,500	1,265,500	-	-	-
Total General Appropriations	$ 24,368,047	$ 24,376,232	$ 23,260,274	$ 1,111,434	$ 9,069	$ 4,545

Budget as Adopted	$ 24,368,047
Add by NJSA 40A:4-87	8,185
	$ 24,376,232

Cash Disbursements	$ 20,737,764
Encumbrances/Accounts Payable	823,537
Due to General Capital Fund	
Capital Improvement Fund	50,000
Deferred Charges	47,000
Current Fund Expenditures Paid by General Capital Fund	330,755
Deferred Charges	5,718
Reserve for Uncollected Taxes	1,265,500
	$ 23,260,274

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019

	Reference	2020	2019
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	$ 17,956	$ 16,467
OTHER TRUST FUND			
Cash	B-1	1,546,663	1,152,412
Due from Current Fund	B-7	-	197,987
		1,546,663	1,350,399
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	45,290	40,780
Due from Payroll Service Provider	B-11	714	791
		46,004	41,571
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investment	B	1,636,465	1,471,378
Contribution Receivable	B	39,600	38,400
		1,676,065	1,509,778
Total Assets		$ 3,286,688	$ 2,918,215

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2020 AND 2019

	Reference	2020	2019
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-2	$ 5,741	$ 5,551
Due to State of New Jersey	B-3	160	157
Other Liabilities	B		500
Due to Current Fund	B-4	12,055	10,259
		17,956	16,467
OTHER TRUST FUND			
Reserve for Developers Escrow	B-5	96,899	75,380
Due to Current Fund	B-7	282,358	
Miscellaneous Reserves	B-8	1,100,199	1,211,964
Payroll Deductions Payable	B-9	67,207	63,055
		1,546,663	1,350,399
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-10	5,032	3,704
Reserve for Unemployment Insurance Expenditures	B-6	40,972	37,867
		46,004	41,571
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITIED)			
Reserve for Length of Service Awards Program	B	1,676,065	1,509,778
Total Liabilities, Reserves and Fund Balance		$ 3,286,688	$ 2,918,215

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

	Reference	2020	2019
ASSETS			
Cash	C-2, C-3	$ 5,234,768	$ 7,980,761
Grants Receivable	C-6	623,250	475,773
Deferred Charges to Future Taxation			
Funded	C-4	28,988,099	15,032,309
Unfunded	C-5	13,357,125	24,696,313
Cancelled Grant Receivable	C-7	54,188	94,000
Due from Current Fund	C-8	962,721	353,570
Total Assets		$ 49,220,151	$ 48,632,726
LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	$ 25,380,000	$ 10,950,000
Pension Obligation Lease Payable	C-10	352,000	449,000
Bond Anticipation Notes	C-11	12,314,000	15,500,000
Green Trust Fund Loan Payable	C-14	86,217	96,771
Environmental Infrastructure Trust Loan Payable	C-15	3,169,882	3,536,538
Improvement Authorizations			
Funded	C-12	494,141	368,253
Unfunded	C-12	3,429,058	4,621,506
Contracts Payable	C-13	3,359,290	12,773,716
Reserve for Grants Receivable	C-6	251,913	31,913
Capital Improvement Fund	C-16	51,147	24,147
Reserve for Payment of Debt	C-17	99,000	-
Fund Balance	C-1	233,503	280,882
Total Liabilities, Reserves and Fund Balance		$ 49,220,151	$ 48,632,726

There were bonds and notes authorized but not issued of $1,043,125 and $9,295,313 at December 31, 2020 and 2019, respectively (Exhibit C-18).

BOROUGH OF DUMONT
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Balance, January 1	$ 280,882	$ 201,156
Increased by:		
Funded Improvement Authorizations Cancelled		423,876
Excess Grant Proceeds		11,940
Premium on Sale of Bond Anticipation Notes	147,621	18,910
	147,621	454,726
	428,503	655,882
Decreased by:		
Appropriated to Finance Improvement Authorizations	170,000	350,000
Anticipated as Revenue in Current Fund Budget	25,000	25,000
	195,000	375,000
Balance, December 31	$ 233,503	$ 280,882

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2020 AND 2019

	Reference	2020	2019
ASSETS			
Cash	D-1	$ 640	$ 455
		$ 640	$ 455
LIABILITIES			
Reserve for Goodwill	D-2	$ 640	$ 455
		$ 640	$ 455

The Accompanying Notes are an Integral Part of these Financial Statements

BOROUGH OF DUMONT
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Land and Site Improvements	$ 4,713,159	$ 4,701,079
Buildings and Building Improvements	4,840,406	4,840,406
Construction in Progress	16,967,144	4,758,978
Machinery and Equipment	10,831,176	9,297,988
	$ 37,351,885	$ 23,598,451
FUND BALANCE		
Investment in General Fixed Assets	$ 37,351,885	$ 23,598,451

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Dumont (the "Borough") was incorporated in 1894 and operates under an elected Mayor and Council form of government. The Mayor is elected to a four-year term and the six council members are elected at-large, two each year for terms of three years. The Mayor is the Chief Executive Officer of the Borough and as such presides over all public meetings and makes appointments to various boards. The Borough Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A Borough Administrator is appointed by the Borough Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all Borough affairs and for the day to day operations of the Borough. The Borough Administrator is the Chief Administrative Officer for the Borough. The Borough's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the Borough do not include the municipal library, volunteer fire department or volunteer first aid squad, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the Borough of Dumont have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The Borough uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain Borough functions or activities. The Borough also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The Borough has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the Borough as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the Borough as collateral.

Unemployment Insurance Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

Length of Service Awards Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the Borough.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the Borough. The Borough's infrastructure is not reported in the account group.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Borough's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2019 balances to conform to the December 31, 2020 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The Borough presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The Borough of Dumont follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

Inventories - 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. GAAP requires inventories to be recorded as assets in proprietary-type funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of $1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of $10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of December 31, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the Borough. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The Borough also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The Borough may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the Borough's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes – Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Deferred Charges – Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

Appropriation Reserves – Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures – Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances/Accounts Payable - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Dumont has developed a fixed assets accounting and reporting system. Fixed assets are defined by the Borough as assets with an initial, individual cost of $5,000 and an estimated useful life in excess of two years.

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

General Fixed Assets purchased after December 31, 2008 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2008 are stated as follows:

Land and Land Improvements	Estimated Historical Cost
Building and Building Improvements	Assessed Value and/or Cost
Machinery and Equipment	Cost

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the Borough to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The Borough is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund
Public Assistance Fund

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2020 and 2019 the Borough Council increased the original budget by $8,185 and $340,207, respectively. The increases were funded by additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2020 and 2019.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

2020	Modified Budget	Actual	Unfavorable Variance
Current Fund			
2020 Budget Apppropriations			
General Administration			
Salaries and Wages	$ 286,939	$ 291,233	$ 4,294
Public Health Services			
Salaries and Wages	76,469	76,720	251
	$ 363,408	$ 367,953	$ 4,545
Appropriation Reserves			
Police			
Other Expenses	$ 5,800	$ 16,627	$ 10,827
Municipal Court			
Other Expenses	108	1,923	1,815
Code Enforcement and Administration			
Other Expenses	843	1,500	657
	$ 6,751	$ 20,050	$ 13,299

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

2019	Modified Budget	Actual	Unfavorable Variance
Current Fund			
Affordable Housing			
Other Expenses	$ 7,000	$ 12,718	$ 5,718
	$ 7,000	$ 12,718	$ 5,718

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The Borough considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The Borough's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Borough is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or $200 million for all deposits not covered by the FDIC or NCUSIF.

Bank balances are insured up to $250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to $250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of $250,000 for each, failed brokerage firm. At December 31, 2020 and 2019, the book value of the Borough's deposits were $13,317,405 and $15,472,313 and bank and brokerage firm balances of the Borough's deposits amounted to $13,828,178 and $16,015,797, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account	Bank Balance 2020	2019
Insured	$ 13,820,109	$ 16,007,770
Uninsured and Collateralized	8,069	8,027
	$ 13,828,178	$ 16,015,797

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Borough does not have a formal policy for custodial credit risk. As of December 31, 2020 and 2019, the Borough's bank balances of $8,069 and $8,027 were exposed to custodial credit risk as follows:

	2020	2019
Collateral Held by Borough's Agent in the Borough's Name	$ 8,069	$ 8,027

B. Investments

The Borough is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the Borough or bonds or other obligations of the school districts which are a part of the Borough or school districts located within the Borough, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (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 Investments in the Department of the Treasury for investment by local units; Local Government investment pools, 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the Borough is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

As of December 31, 2020 and 2019, the Borough had the following investments:

	Fair Value	
	2020	2019
Investment in Lincoln Financial (LOSAP-Unaudited)	$ 1,636,465	$ 1,471,378

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Borough does not have a policy for custodial risk. As of December 31, 2020 and 2019, $1,636,465 and $1,471,378 of the Borough's investments was exposed to custodial credit risk as follows:

	2020	2019
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name (LOSAP - Unaudited)	$ 1,636,465	$ 1,471,378

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The Borough does not have an investment policy that would further limit its investment choices. As of December 31, 2020 and 2019, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

Concentration of Credit Risk – The Borough places no limit in the amount the Borough may invest in any one issuer. More than five (5) percent of the Borough's investments are in Lincoln Financial Group. These investments are 100% of the Borough's total investments.

The fair value of the above-listed investments were based on quoted market prices.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting.

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Current		
Property Taxes	$ 535,592	$ 504,843
Tax Title Liens	8,663	8,268
	$ 544,255	$ 513,111

In 2020 and 2019, the Borough collected $504,843 and $527,133 from delinquent taxes, which represented 98% of the prior years delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, 2020 and 2019 interfund receivables and payables that resulted from various interfund transactions were as follows:

	2020		2019	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	$ 294,413	$ 962,721	$ 10,259	$ 551,557
Trust Fund				
Other Trust Fund		282,358	197,987	
Animal Control Fund		12,055		10,259
General Capital Fund	962,721	-	353,570	-
	$ 1,257,134	$ 1,257,134	$ 561,816	$ 561,816

The above balances are the result of expenditures being paid by one fund on behalf of another, revenues earned in one fund but owed to another fund and receipts deposited in one fund but owed to another fund.

The Borough expects all interfund balances to be liquidated within one year.

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020 and 2019 the following deferred charges are reported on the balance sheets of the following funds:

	Balance December 31,	Subsequent Year Budget Appropriation	Balance to Suceeding Budgets
2020			
Current Fund			
Overexpenditure of Appropriation	$ 4,545	$ 4,545	
Overexpenditure of Appropriation Reserves	13,299	13,299	-
	$ 17,844	$ 17,844	$ -
General Capital Fund			
Cancelled Grant Receivables	$ 54,188	$ 27,000	$ 27,188
2019			
Current Fund			
Overexpenditure of Appropriation	$ 5,718	$ 5,718	$ -
General Capital Fund			
Cancelled Grant Receivables	$ 94,000	$ 39,812	$ 54,188

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund is comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year's budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year's budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund's budget for the succeeding year were as follows:

	2020		2019	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	$ 2,342,229	$ 1,615,000	$ 2,659,428	$ 1,615,000
Non-Cash Surplus	371,958	-	355,082	-
	$ 2,714,187	$ 1,615,000	$ 3,014,510	$ 1,615,000

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2020 and 2019.

	Balance, December 31, 2019	Additions	Decreases	Balance, December 31, 2020
Land and Site Improvements	$ 4,701,079	$ 12,080		$ 4,713,159
Buildings and Building Improvements	4,840,406			4,840,406
Construction in Progress	4,758,978	12,208,166		16,967,144
Machinery and Equipment	9,297,988	2,239,839	$ 706,651	10,831,176
	$ 23,598,451	$ 14,460,085	$ 706,651	$ 37,351,885

	Balance, December 31, 2018	Additions	Decreases	Balance, December 31, 2019
Land and Site Improvements	$ 4,235,916	$ 465,163		$ 4,701,079
Buildings and Building Improvements	4,840,406			4,840,406
Construction in Progress	559,875	4,199,103		4,758,978
Machinery and Equipment	8,932,452	522,347	$ 156,811	9,297,988
	$ 18,568,649	$ 5,186,613	$ 156,811	$ 23,598,451

NOTE 9 MUNICIPAL DEBT

The Local Bond Law governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general capital fund projects. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The Borough's debt is summarized as follows:

	2020	2019
Issued		
General		
Bonds, Notes, Leases and Loans	$ 41,302,099	$ 30,532,309
Less Funds Temporarily Held to Pay Bonds and Notes	99,000	99,000
Net Debt Issued	41,203,099	30,433,309
Authorized But Not Issued		
General		
Bonds and Notes	1,043,125	9,295,313
Net Bonds and Notes Issued and Authorized But Not Issued	$ 42,246,224	$ 39,728,622

Statutory Net Debt

The statement of debt condition that follows indicates a statutory net debt of 1.95% and 1.90% at December 31, 2020 and 2019, respectively.

	Gross Debt	Deductions	Net Debt
2020			
General Debt	$ 42,345,224	$ 451,000	$ 41,894,224
School Debt	6,560,000	6,560,000	-
Total	$ 48,905,224	$ 7,011,000	$ 41,894,224

	Gross Debt	Deductions	Net Debt
2019			
General Debt	$ 39,827,622	$ 548,000	$ 39,279,622
School Debt	7,965,000	7,965,000	-
Total	$ 47,792,622	$ 8,513,000	$ 39,279,622

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Borrowing Power

The Borough's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	2020	2019
3-1/2% of Equalized Valuation Basis (Municipal)	$ 75,240,699	$ 72,511,899
Net Debt	41,894,224	39,279,622
Remaining Borrowing Power	$ 33,346,475	$ 33,232,277

A. Long-Term Debt

The Borough's long-term debt consisted of the following at December 31:

General Obligation Bonds

The Borough levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31, 2020 and 2019 are as follows:

	2020	2019
$5,430,000, 2016 Refunding Bonds, due in annual installments of $810,000 to $1,060,000 through July 2025, interest at 3.00% to 4.00%	$ 4,615,000	$ 5,410,000
$6,075,000, 2017 Bonds, due in annual installments of $280,000 to $445,000 through May 2035, interest at 2.50% to 3.00%	5,265,000	5,540,000
$15,500,000, 2020 Bonds, due in annual installments of $430,000 to $860,000 through May 2045, interest at 2.5% to 3.0%	15,500,000	-
	$ 25,380,000	$ 10,950,000

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The Borough has entered into loan agreements with the New Jersey Green Trust and the Environmental Infrastructure Trust Funds. The Borough levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31, 2020 and 2019 are as follows:

	2020	2019
Green Trust Fund		
$200,000, Bonds, due in semi-annual installments of $5,356 to $6,157 through 2028, interest at 2%	$ 86,217	$ 96,771
Total Green Trust Fund	$ 86,217	$ 96,771
Environmental Infrastructure Trust		
$1,675,000 Trust Loan, due in annual installments of $87,000 to $112,000 through 2027, interest at 5.0%	$ 688,000	$ 770,000
$1,572,000 Fund Loan, due in semi-annual installments of $1,681 to $80,765 through 2027 interest free	584,776	669,753
$965,000 Trust Loan, due in annual installments of $47,000 to $67,000 through 2029, interest at 3.0% to 5.0%	523,000	570,000
$2,850,000 Fund Loan, due in semi-annual installments of $50,893 and $101,786 through 2029, interest free	1,374,106	1,526,785
Total Environmental Infrastructure Trust	3,169,882	3,536,538
Total Intergovernmental Loans	$ 3,256,099	$ 3,633,309

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Pension Obligation Lease Agreement

The Borough has entered into an agreement with the Bergen County Improvement Authority ("BCIA") for the retirement of the Borough's outstanding unfunded pension liability for the early retirement incentive program of 2003. The original amount financed totaled $958,000. The Borough issued refunding revenue bonds totaling $882,000 through the BCIA during 2012. The following is the schedule of the future minimum lease payments and the present value of the net minimum lease payment at December 31, 2020:

Year Ended December 31,	Amount
2021	$ 115,410
2022	123,023
2023	131,102
Total. Minimum Lease Payments	369,535
Less: Amounts Representing Interest	17,535
Present Value of Net Minimum Lease Payments	$ 352,000

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2020 is as follows:

Calendar Year	General Bonds		Intergovernmental Loans				
			Environmental Infrastructure		Green Trust		
	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	$ 1,520,000	$ 726,600	$ 372,415	$ 55,320	$ 10,765	$ 1,672	$ 2,686,772
2022	1,570,000	684,425	374,251	49,090	10,983	1,454	2,690,203
2023	1,580,000	640,863	386,415	42,660	11,203	1,234	2,662,375
2024	1,775,000	588,413	389,457	35,780	11,429	1,008	2,801,087
2025	1,820,000	528,125	394,489	28,650	11,658	779	2,783,701
2026-2030	4,170,000	2,120,225	1,252,855	42,750	30,179	912	7,616,921
2031-2035	5,020,000	1,504,450					6,524,450
2036-2040	3,655,000	915,063					4,570,063
2041-2045	4,270,000	322,050	-	-	-	-	4,592,050
Total	$ 25,380,000	$ 8,030,214	$ 3,169,882	$ 254,250	$ 86,217	$ 7,059	$ 36,927,622

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The Borough's long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020	Due Within One Year
General Capital Fund					
Bonds Payable	$ 10,950,000	$ 15,500,000	$ 1,070,000	$ 25,380,000	$ 1,520,000
Intergovernmental Loans Payable	3,633,309		377,210	3,256,099	383,180
Pension Obligation Lease	449,000	-	97,000	352,000	106,000
General Capital Fund Long-Term Liabilities	$ 15,032,309	$ 15,500,000	$ 1,544,210	$ 28,988,099	$ 2,009,180

	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019	Due Within One Year
General Capital Fund					
Bonds Payable	$ 12,020,000		$ 1,070,000	$ 10,950,000	$ 1,070,000
Intergovernmental Loans Payable	4,004,425		371,116	3,633,309	377,210
Pension Obligation Lease	536,000	-	87,000	449,000	97,000
General Capital Fund Long-Term Liabilities	$ 16,560,425	$ -	$ 1,528,116	$ 15,032,309	$ 1,544,210

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2019	Increased	Decreased	Balance, December 31, 2020
1481/1496	Relocation of Borough Offices	2.25%	2/20/2020	$ 320,888		$ 320,888	
		1.75%	5/20/2020		$ 320,888	320,888	
1498/1518	Various Improvements	2.25%	2/20/2020	148,800		148,800	
		1.75%	5/20/2020		148,800	148,800	
1501	Various Improvements	2.25%	2/20/2020	176,000		176,000	
		1.75%	5/20/2020		176,000	176,000	
1504	Various Storm Water Sewer Improvements	2.25%	2/20/2020	43,500		43,500	
		1.75%	5/20/2020		43,500	43,500	
1517	Roadway Improvements	2.25%	2/20/2020	213,000		213,000	
		1.75%	5/20/2020		213,000	213,000	
1519/1550	Various Improvements	2.25%	2/20/2020	2,521,812		2,521,812	
1556/1558		1.50%	5/11/2020	12,000,000		12,000,000	
		1.75%	5/20/2020		2,521,812	2,521,812	
		2.00%	4/2/2021		5,314,100		$ 5,314,100
		0.56%	6/4/2021		2,500,000		2,500,000
1523	Sewer System Improvements	2.25%	2/20/2020	76,000		76,000	
		1.75%	5/20/2020		76,000	76,000	
1549	Various Capital Improvements	2.00%	6/4/2021		1,858,900		1,858,900
1567	Various Capital Improvements	2.00%	6/4/2021		1,902,000		1,902,000
1579	Various Capital Improvements	0.56%	6/4/2021	-	739,000	-	739,000
				$ 15,500,000	$ 15,814,000	$ 19,000,000	$ 12,314,000

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

Ord. No.	Improvement Description	Interest Rate	Date of Maturity	Balance, December 31, 2018	Increased	Decreased	Balance, December 31, 2019
1481/1496	Relocation of Borough Offices	2.50%	3/14/2019	$ 320,888		$ 320,888	
		2.25%	2/20/2020		$ 320,888		$ 320,888
1498/1518	Various Improvements	2.50%	3/14/2019	148,800		148,800	
		2.25%	2/20/2020		148,800		148,800
1501	Various Improvements	2.50%	3/14/2019	176,000		176,000	
		2.25%	2/20/2020		176,000		176,000
1504	Various Storm Water Sewer Improvements	2.50%	3/14/2019	43,500		43,500	
		2.25%	2/20/2020		43,500		43,500
1517	Roadway Improvements	2.50%	3/14/2019	213,000		213,000	
		2.25%	2/20/2020		213,000		213,000
1519/1550	Various Improvements	2.50%	3/14/2019	2,021,812		2,021,812	
1556/1558		2.25%	2/20/2020		2,521,812		2,521,812
		1.50%	5/11/2020		12,000,000		12,000,000
1523	Sewer System Improvements	2.50%	3/14/2019	76,000		76,000	
		2.25%	2/20/2020	-	76,000	-	76,000
				$ 3,000,000	$ 15,500,000	$ 3,000,000	$ 15,500,000

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by State Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund.

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2020 and 2019 the Borough had the following commitments with respect to unfinished capital projects:

	Commitment	Estimated Date of Completion
2020		
Municipal Complex	$ 3,061,961	2021
Cloud Scanning Document System	46,771	2021
Roadway Improvements	175,919	2021
2019		
Municipal Complex	$ 11,439,818	2021
Remediation Improvements - DPW	41,147	2020
Acquisition of Fire Truck	670,672	2020
Acquisition of Vehicles and Equipment	266,102	2020
Roadway Improvements	332,036	2020

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the Borough, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement. In addition, members of the police department are eligible to receive terminal leave as a retirement benefit. Bargaining unit agreements and a local ordinance establish the maximum number of accumulated days an employee can be compensated for.

It is estimated that the current cost of such unpaid compensation and salary related payments would be approximately $4,220,016 and $4,053,469 at December 31, 2020 and 2019, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. As of December 31, 2020 and 2019, the Borough has reserved $75,226 in the Other Trust Fund to fund compensated absences in accordance with NJSA 40A:4-39.

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The Borough's changes in other long-term liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, 2019	Additions	Reductions	Balance, December 31, 2020	Due Within One Year
Compensated Absences	$ 4,053,469	$ 304,367	$ 137,820	$ 4,220,016	$ 209,000
Net OPEB Liability (1)	8,357,926			8,357,926	
Net Pension Liability					
PERS	8,071,409		383,926	7,687,483	
PFRS	14,817,710	1,221,116	-	16,038,826	-
	$ 35,300,514	$ 1,525,483	$ 521,746	$ 36,304,251	$ 209,000

	Balance, December 31, 2018	Additions	Reductions	Balance, December 31, 2019	Due Within One Year
Compensated Absences	$ 4,303,947		$ 250,478	$ 4,053,469	$ 119,000
Net OPEB Liability	9,984,179		1,626,253	8,357,926	
Net Pension Liability					
PERS	8,761,507		690,098	8,071,409	
PFRS	15,970,835	-	1,153,125	14,817,710	-
	$ 39,020,468	$ -	$ 3,719,954	$ 35,300,514	$ 119,000

(1) GASB Statement number 75 OPEB financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those Borough employees who are eligible for pension coverage.

Police and Firemen's Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees' Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of $1/55^{th}$ of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{th}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 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 a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Borough employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least $5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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 each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj/treasury/doinvest.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 and 2019 is $16.4 billion and $18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is $14.9 billion and $14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2020 and 2019 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

For the years ended December 31, 2020 and 2019 for PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the Borough for 2020, 2019 and 2018 were equal to the required contributions.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2020, 2019 and 2018, the Borough, was required to contribute for normal cost pension contributions, accrued liability pension contributions and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

Year Ending December 31,	PFRS	PERS	DCRP
2020	$ 1,223,055	$ 435,728	$ 2,966
2019	1,153,876	442,615	3,065
2018	1,143,465	405,160	2,997

In addition for the years ended December 31, 2020, 2019 and 2018 the Borough contributed for long-term disability insurance premiums (LTDI) $1,522, $1,170 and $1,073, respectively for PERS.

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

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the Borough reported a liability of $7,687,483 and $8,071,409, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .04714 percent, which was an increase of .00234 percent from its proportionate share measured as of June 30, 2019 of .04480 percent.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough's pension expense to be $38,827 and $109,407, respectively, for PERS based on the actuarial valuations which are less than the actual contribution reported in the Borough's financial statements of $435,728 and $442,615, respectively. At December 31, 2020 and 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 139,976	$ 27,186	$ 144,871	$ 35,656
Changes of Assumptions	249,391	3,218,822	805,960	2,801,561
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	262,764			127,410
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	547,638	430,172	184,832	777,744
Total	$ 1,199,769	$ 3,676,180	$ 1,135,663	$ 3,742,371

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	Total
2021	$ (1,134,032)
2022	(852,436)
2023	(350,543)
2024	(109,547)
2025	(29,853)
Thereafter	-
	$ (2,476,411)

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2020 and 2019
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%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

	2020		2019	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

Calendar Year	Measurement Date	Discount Rate
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	2020	2019
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, respectively, as well as what the Borough's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.28%, respectively or 1-percentage-point higher 8.00% and 7.28%, respectively than the current rate:

2020	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PERS Net Pension Liability	$ 9,677,259	$ 7,687,483	$ 5,999,104

2019	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Borough's Proportionate Share of the PERS Net Pension Liability	$ 10,195,501	$ 8,071,409	$ 6,281,560

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen's Retirement System (PFRS)

At December 31, 2020 and 2019, the Borough reported a liability of $16,038,826 and $14,817,710, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough's proportionate share of the net pension liability was based on the ratio of the Borough's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough's proportionate share was .12413 percent, which was an increase of .00305 percent from its proportionate share measured as of June 30, 2019 of .12108 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be $739,390 and $1,124,875, respectively, for PFRS based on the actuarial valuations which are less than the actual contribution reported in the Borough's financial statements of $1,223,055 and $1,153,876, respectively. At December 31, 2020 and 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough's financial statements are from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 161,699	$ 57,561	$ 125,081	$ 93,814
Changes of Assumptions	40,362	4,299,913	507,735	4,788,948
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	940,431			200,775
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	722,801	909,521	443,177	1,278,082
Total	$ 1,865,293	$ 5,266,995	$ 1,075,993	$ 6,361,619

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

At December 31, 2020 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	Total
2021	$ (1,708,445)
2022	(1,163,363)
2023	(449,274)
2024	(6,952)
2025	(73,668)
Thereafter	-
	$ (3,401,702)

Actuarial Assumptions

The Borough's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2020 and 2019
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

	2020		2019	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

Calendar Year	Measurement Date	Discount Rate
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

	2020	2019
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, respectively, as well as what the Borough's proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower 6.00% and 5.85%, respectively or 1-percentage-point higher 8.00% and 7.85%, respectively than the current rate:

2020	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 21,328,337	$ 16,038,826	$ 11,645,483

2019	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Borough's Proportionate Share of the PFRS Net Pension Liability	$ 20,028,144	$ 14,817,710	$ 10,505,325

The sensitivity analysis was based on the proportionate share of the Borough's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the Borough's net pension liability was not provided by the pension system.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions 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 Borough by the State 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. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is $2,489,153 and $2,339,744, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is $282,096 and $271,859, respectively, which are more than the actual contributions the State made on behalf of the Borough of $191,539 and $157,650, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .12413 percent, which was an increase of .00305 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .12108 percent. The State's proportionate share attributable to the Borough was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the Borough's financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the Borough.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

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

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

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

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

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 above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2020 was not available and for 2019 is $13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which was rolled forward to June 30, 2019.

- **Actuarial Methods and Assumptions**

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of $346.4 million and the State of New Jersey, as the non-employer contributing entity, contributed $43.9 million for fiscal year 2019.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2020, 2019 and 2018 were $307,827, $249,345 and $388,023, respectively, which equaled the required contributions for each year (or were not available). In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2020, 2019 and 2018 were $17,178, $14,548 and $9,636, respectively.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, Accounting and *Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB No. 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB No. 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the Borough reported a liability of $8,357,926 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Borough's proportionate share of the net OPEB liability was based on the ratio of the Borough's proportionate share of the OPEB liability attributable to the Borough at June 30, 2019 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. As of the measurement date of June 30, 2019 the Borough's proportionate share was .06170 percent, which was a decrease of .00203 percent from its proportionate share measured as of June 30, 2018 of .06373 percent.

For the year ended December 31, 2019, the Plan has determined the Borough's OPEB expense (benefit) to be $(121,977) based on the actuarial valuation which is less than the actual contributions reported in the Borough's financial statements of $249,345. At December 31, 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough's financial statements are from the following sources:

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience		$ 2,444,183
Changes of Assumptions		2,961,863
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	$ 6,885	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	219,865	590,811
Contributions made Subsequent to the Measurement Date	-	-
Total	$ 226,750	$ 5,996,857

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

At December 31, 2019 the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

Year Ending December 31,	Total
2020	$ (927,795)
2021	(927,795)
2022	(928,363)
2023	(929,258)
2024	(930,024)
Thereafter	(1,126,872)
	$ (5,770,107)

Actuarial Assumptions

The Borough's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	2019
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service.

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

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

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

Calendar Year	Measurement Date	Discount Rate
2019	June 30, 2019	3.50%

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 calculated using the discount rate of 3.50% as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower 2.50% or 1-percentage-point higher 4.50% than the current rate:

2019	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Borough's Proportionate Share of the Net OPEB Liability	$ 9,663,889	$ 8,357,926	$ 7,296,659

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the Plan.

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

The following presents the Borough's proportionate share of the OPEB net liability as of December 31, 2019 calculated using the healthcare trend rates as disclosed above as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

2019	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Borough's Proportionate Share of the Net OPEB Liability	$ 7,053,060	$ 8,357,926	$ 10,022,503

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2019. A sensitivity analysis specific to the Borough's net OPEB liability was not provided by the pension system.

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Special Funding Situation

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium of periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

At December 31, 2019, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is $8,711,572. For the year ended December 31, 2019 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is $115,474. At December 31, 2019, (measurement date June 30, 2019), the State's share of the OPEB liability attributable to the Borough was .15766 percent, which was a decrease of .0042 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .16188 percent. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 14 RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The Borough has obtained commercial insurance coverage to guard against these events to minimize the exposure to the Borough should they occur.

The Borough of Dumont is a member of the Bergen County Municipal Joint Insurance Fund (BJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The BJIF and MEL coverage amounts are on file with the Borough.

NOTE 14 RISK MANAGEMENT (Continued)

The relationship between the Borough and respective insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Borough is contractually obligated to make all annual and supplementary contributions to the insurance funds, to report claims on a timely basis, to cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which the municipality was a member.

The funds provide its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the funds can be obtained by contacting the respective fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State. The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's unemployment compensation trust fund for the current and previous two years:

Year Ended December 31	Borough Appropriations	Employee Contributions	Amount Reimbursed	Ending Balance
2020	$ 10,000	$ 11,590	$ 18,485	$ 40,972
2019	28,000	11,282	32,602	37,867
2018		21,299	25,879	16,399

NOTE 15 CONTINGENT LIABILITIES

The Borough is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the Borough's Attorney, the potential claims against the Borough not covered by insurance policies would not materially affect the financial condition of the Borough.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2020 and 2019. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2020 and 2019, the Borough reserved $173,376 and $188,052, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

Federal and State Awards - The Borough participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Borough may be required to reimburse the grantor government. As of December 31, 2020 and 2019, significant amounts of grant expenditure have not been audited by the various grantor agencies but the Borough believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Borough.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The Borough is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2020 and 2019, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The Borough of Dumont Length of Service Award Program (the Plan) was created by a Borough ordinance adopted on August 17, 1999 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the Borough of Dumont approved the adoption of the Plan at the general election held on November 2, 2001.

The first year of eligibility for entrance into the Plan was calendar year 2002. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department and the First Aid Organization, come from contributions made solely by the Borough on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of $100 and a maximum contribution of $1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f). The Division of Local Government Services issues the permitted maximum increase annually.

The Borough of Dumont has contributed $39,600 and $38,400 for 2020 and 2019, respectively, for eligible volunteer fire department and volunteer first aid corp. members into the Plan.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the Borough has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln Financial Group is the administrator of the plan. The Borough's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the Borough perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the Borough's Trust Fund.

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2020 and 2019, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the New Jersey Housing and Mortgage Financing Act (NJHMFA).

The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2020 and 2019 the Borough abated property taxes totaling $549,671 and $536,511, respectively, under the NJHMFA program. The Borough received $39,667 and $26,932 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.

Prior to the enactment of the Long Term Tax Exempt Law (NJSA 40A:20 et.seq.) and under the provisions of the Senior Citizens Nonprofit Rental Housing Tax Law (NJSA 55:141-1), which has since been repealed, allows for the clearance, re-planning, development or redevelopment of blighted areas by means of a non-profit rental housing project for the elderly, developed, erected and owed by a non-profit corporations under the Federal Senior Citizens Housing Loan Program, and pursuant to section 202 of the Federal Housing Act of 1959, as amended; authorizing and providing for the exemption in part of such non-profit rental housing projects from taxation under the law. A qualified municipality could abate for up to 50 years the property taxes on newly construction senior housing. The process beings when the municipality passes by ordinance or resolution, as appropriate, that such residential rental senior housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor to make a PILOT payment to the municipality in an amount equal to a percentage of the annual gross revenue from each senior housing project. For the years ended December 31, 2020 and 2019 the Borough abated property taxes totaling $7,214 and $7,041, respectively, under this law. The Borough received $15,000 and $15,000 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.

The Borough had entered into an agreement with Landmark Dumont I Urban Renewal Corporate ("Landmark") authorizing the execution of a long-term tax exemption and payment in lieu of taxes (PILOT) agreement pursuant to N.J.S.A. 40A:20.1.et. seq. Landmark will construct 146 multi-family housing units, consisting of 124 market rate housing units and 22 affordable housing units.

The PILOT Agreement shall have a term which shall expire at the earlier of; (a) the passage of twenty-seven (27) years from the execution of the Financial Agreement executed, and delivered, pursuant to this application or (b) the expiration of twenty-five (25) years from the completion of the Project, whichever first occurs.

For the Market Rate Project, the Annual Service Charge shall be in the amount equal to the greater of two percent (2%) of gross construction costs; ten percent (10%) of Gross Annual Revenue for the Market Rate Project; or for the years 1 through 15 of the Agreement, $3,500 per Market Unit per year and for the years 16 through 25 of the Agreement, $3,750 per Market Unit per year. It is estimated that the total Annual Service Charge for the Markey Rate Project will equal $434,000 per year for years 1 through 15 of the Agreement, increasing to $465,000 per year for years 16 through 25 of the Agreement, totaling $11,160,000 over the twenty-five (25) year term of the Agreement for the Market Rate Project.

For the Affordable Project, the Annual Service Charge shall, be in the amount equal to the greater of two percent (2%) of Gross Annual Revenue of the Affordable Project; or for the years 1 through 15 of the Agreement, $350 per Affordable Unit per year and for the years 16 through 25 of the Agreement, $375 per Affordable Unit per year for the Affordable Project. It is estimated that the total Annual Service Charge for the Affordable Project will equal $7,700 per year for years 1 through 15 of the Agreement, totaling $198,000 over the twenty-five (25) year term of Agreement for the Affordable Project.

On December 16, 2020 the Borough billed and collected, $99,882 for the 2019 and 2020 PILOT bills.

NOTE 19 SUBSEQUENT EVENTS

Bond Anticipation Notes

On June 3, 2021 the Borough issued bond anticipation notes in the amount of $16,780,000 to temporarily finance expenditures related to various capital projects of the Borough. The Borough has awarded the sale of said notes to TD Securities at an interest rate of 2.00%. These notes dated June 3, 2021 will mature on June 3, 2022.

Debt Authorized

On March 9, 2021 the Borough adopted a bond ordinance authorizing the issuance of $428,500 in bonds or bond anticipation notes to fund sewer line repairs for Columbia Avenue. As of the date of this report the Borough has issued bond anticipation notes to fund this ordinance.

On April 27, 2021 the Borough adopted a bond ordinance authorizing the issuance of $3,192,500 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has issued bond anticipation notes to temporarily fund this ordinance.

NOTE 20 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the "COVID-19 Pandemic"). On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of $1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor's executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Borough cannot predict how the outbreak will impact the financial condition or operations of the Borough, or if there will be any impact on the assessed values of property within the Borough or deferral of tax payments to municipalities. The Borough cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the Borough's operations; however, such amounts, if any, could be material.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

BOROUGH OF DUMONT
STATEMENT OF CASH

Balance, December 31, 2019		$ 6,280,788
Increased by Receipts:		
Taxes Receivable	$ 63,095,140	
Revenue Accounts Receivable	2,179,432	
Non Budget Revenue	339,923	
Grant Receivable	3,185	
Prepaid Taxes	389,266	
General Capital Receipts Deposited in Current Fund	299,250	
Unappropriated Grant Reserves	32,514	
Miscellaneous Reserves	663,501	
Tax Overpayments	84,388	
Senior Citizens' and Veterans' Deductions	112,250	
Receipts from Library	348,303	
		67,547,152
		73,827,940
Decreased by Disbursements:		
Budget Appropriations	20,737,764	
Appropriation Reserves	234,185	
EncumbrancesAccounts Payable	1,141,512	
Tax Overpayments	16,360	
County Taxes	5,333,570	
Local District School Taxes	38,367,678	
Change Fund	25	
Miscellaneous Reserves	750,912	
Payments Made On Behalf Of Library	348,303	
Appropriated Grant Reserves	2,904	
Payments to General Capital Fund	50,000	
Trust Fund Expenditures Paid by Current Fund	330,345	
General Capital Fund Expenditures Paid by Current Fund	42,854	
Refund of Prior Year Revenue	115	
		67,356,527
Balance, December 31, 2020		$ 6,471,413

EXHIBIT A-5

BOROUGH OF DUMONT
STATEMENT OF PETTY CASH FUNDS

Office	Balance, December 31, 2019	Balance, December 31, 2020
Finance Department	$ 400	$ 400

EXHIBIT A-6

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2019	Grant Award	Receipts	Balance, December 31, 2020
Bergen County ADA Handicap Ramp Grant	$ 340,207			$ 340,207
Bergen County Census Grant		$ 5,000		5,000
Bulletproof Vest Partnership Grant	-	3,185	$ 3,185	-
	$ 340,207	$ 8,185	$ 3,185	$ 345,207

EXHIBIT A-7

STATEMENT OF DUE FROM STATE OF NEW JERSEY
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS

Balance, December 31, 2019		$ 9,157
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billing	$ 111,250	
Deductions Allowed by Tax Collector	750	
		112,000
		121,157
Decreased by:		
Cash Receipts		112,250
Balance, December 31, 2020		$ 8,907

BOROUGH OF DUMONT
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance, December 31, 2019	Levy	Senior Citizens' and Veterans' Deductions Disallowed	Collections 2019	Collections 2020	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Tax Overpayments Applied	Transferred to Tax Title Lien	Balance, December 31, 2020
2019	$ 504,843				$ 504,843					
2020	-	$ 63,591,926	$ -	$ 271,535	62,590,297	$ 112,000	$ 61,028	$ 21,079	$ 395	$ 535,592
	$ 504,843	$ 63,591,926	$ -	$ 271,535	$ 63,095,140	$ 112,000	$ 61,028	$ 21,079	$ 395	$ 535,592

Analysis of Property Tax Levy

TAX YIELD			
General Property Tax			
Real Property Tax		$ 63,541,320	
Added Taxes		50,606	
			$ 63,591,926
TAX LEVY			
Local School Tax	$ 38,367,678		
County Taxes	5,118,692		
County Open Space	214,878		
Due County for Added Taxes	4,254		
		43,705,502	
Local Tax for Municipal Purposes	19,118,269		
Local Tax For Free Public Library	715,242		
Add Additional Tax Levied	52,913		
		19,886,424	
			$ 63,591,926

EXHIBIT A-9

BOROUGH OF DUMONT
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2019	$ 8,268
Increased by:	
Transferred from Taxes Receivable	395
Balance, December 31, 2020	$ 8,663

EXHIBIT A-10

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2019	$ 79,526
Balance, December 31, 2020	$ 79,526

EXHIBIT A-11

STATEMENT OF DEFERRED CHARGES

	Balance, December 31, 2019	Increase in 2020	Budget Appropriation	Balance, December 31, 2020
Overexpenditure of Appropriations	$ 5,718	$ 4,545	$ 5,718	$ 4,545
Overexpenditure of Appropriation Reserves	-	13,299	-	13,299
	$ 5,718	$ 17,844	$ 5,718	$ 17,844

BOROUGH OF DUMONT
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, 2019	Accrued	Collected	Balance, December 31, 2020
Licenses				
Alcoholic Beverages		$ 14,588	$ 14,588	
Board of Health		213	213	
Borough Clerk		3,446	3,446	
Fees and Permits				
Construction		22,935	22,935	
Board of Health		15,145	15,145	
Borough Clerk		10,621	10,621	
Fire Prevention		14,900	14,900	
Planning and Zoning		2,360	2,360	
Police		2,402	2,402	
Construction Code		239,900	239,900	
Fines and Costs - Municipal Court	$ 5,509	41,757	46,053	$ 1,213
Interest and Cost on Taxes		115,839	115,839	
Interest on Investments and Deposits		41,817	41,817	
Energy Receipts Tax		1,355,252	1,355,252	
Life Hazard Use Fees		9,146	9,146	
Fire Inspections		31,560	31,560	
PILOT - Senior Citizens Club		15,000	15,000	
Cable Television Franchise Fees	-	238,255	238,255	-
	$ 5,509	$ 2,175,136	$ 2,179,432	$ 1,213

BOROUGH OF DUMONT
STATEMENT OF APPROPRIATION RESERVES

	Balance December 31, 2019	Encumbrances Restored to Appropriation Reserves	Budget After Transfer or Modification	Paid or Charged	Over-Expenditures	Balance Lapsed
Salaries and Wages						
General Administration / Mayor / Clerk	$ 6,847		$ 1,047			$ 1,047
Financial Administration	3,813		3,813			3,813
Collection of Taxes	803		803			803
Planning Board/Zoning Board	2,400		2,400			2,400
Affordable Housing	6,500		6,500			6,500
Rent Leveling Board	1,080		1,080			1,080
Life Hazard Use Fees	32		32			32
Police Department	99,769		99,769	$ (7,894)		107,663
Emergency Management	1,317		1,317			1,317
Municipal Prosecutor	1		1			1
Streets and Roads	14,996		8,996			8,996
Public Buildings and Grounds	20,393		20,393			20,393
Senior Citizens	1,602		1,602			1,602
Parks and Playgrounds	455		455			455
Public Defender	10,001		10,001			10,001
Municipal Court	17,861		17,861			17,861
Code Enforcement & Administration	976	-	976	-	-	976
	188,846	-	177,046	(7,894)	-	184,940
Other Expenses						
General Administration / Mayor / Clerk						
Other Expenses	12,684		2,684	1,819		865
Postage	158		158			158
Elections	2,722		2,722	(220)		2,942
Financial Administration / Audit	6,753		15,003	14,802		201
Assessment of Taxes	6,121		6,121	900		5,221
Collection of Taxes	1,817		1,817	939		878
Legal Services and Costs						
Borough Attorney	51,709		51,709	18,747		32,962
Special Counsel	34,211		34,211	7,073		27,138
Engineering	28,038		28,038	13,027		15,011
Planning Board/Zoning Board	12,049		12,049	703		11,346
Affordable Housing			11,000	4,779		6,221
Rent Leveling Board	61		111	72		39
Fire Department						
Other Expenses	7,465		7,465	5,702		1,763
Life Hazard Use Fees	1,419		1,419			1,419
Fire Hydrant Services	21,220		21,220	14,396		6,824
Police	5,800		5,800	16,627	$ 10,827	
Police Reserves	4,250		4,250			4,250
Emergency Management	4,500		4,500			4,500
Volunteer Ambulance Corp	452		452			452
Streets and Roads	3,909		3,909	3,479		430
Garbage and Trash Removal	66,937		66,937	65,701		1,236
Sewer System	63		2,063	1,796		267
Shade Tree	179		179			179
Public Buildings and Grounds	7,003		7,003	4,781		2,222

BOROUGH OF DUMONT
STATEMENT OF APPROPRIATION RESERVES

	Balance December 31, 2019	Encumbrances Restored to Appropriation Reserves	Budget After Transfer or Modification	Paid or Charged	Over-Expenditures	Balance Lapsed
Other Expenses (Continued)						
Board of Health	$ 4,213		$ 4,213	$ 180		$ 4,033
Animal Shelter	155		155			155
Environmental Commission	60		60			60
Senior Citizens	9,896	$ 3,230	13,126			13,126
Parks and Playgrounds	495	1,955	2,450			2,450
Celebration of Public Events	23,015		23,015	730		22,285
Utilities						
Electricity	74,059		74,059	27,661		46,398
Street Lighting	22,638		22,638	22,638		
Telephone	23,852		23,852	8,781		15,071
Gasoline	42,079		42,079	10,029		32,050
Water	18,113		18,113	2,770		15,343
Municipal Court	108		108	1,923	$ 1,815	
Code Enforcement & Administration	343		843	1,500	657	
Insurance						
Workers Compensation	151		151			151
Employee Group Health	39,789		39,789	500		39,289
Health Benefit Waiver	288		288			288
Statutory Expenditures						
Social Security System	16,270		16,270			16,270
Public Employer's Retirement System	268		268			268
DCRP	435		435			435
Bergen County Utilities Authority	1		1			1
LOSAP		11,600	11,600			11,600
Recycling Tonnage Grant	20,000		20,000	20,000		
Clean Communities	6,270	-	6,270	6,270	-	-
	582,018	16,785	610,603	278,105	13,299	345,797
	$ 770,864	$ 16,785	$ 787,649	$ 270,211	$ 13,299	$ 530,737

Cash Disbursements	$ 234,185
Accounts Payable	15,648
Appropriated Grants	20,378
	$ 270,211

EXHIBIT A-14

BOROUGH OF DUMONT
STATEMENT OF ENCUMBRANCES/ACCOUNTS PAYABLE

Balance, December 31, 2019		$ 1,213,902
Increased by:		
Transfer from 2020 Budget Appropriations	$ 823,537	
Transfer from Appropriations Reserves	15,648	
		839,185
		2,053,087
Decreased by:		
Cash Disbursements	1,141,512	
Cancelled Encumbrances Restored to Appropriated Reserves	16,785	
		1,158,297
Balance, December 31, 2020		$ 894,790

EXHIBIT A-15

STATEMENT OF DUE FROM DUMONT FREE PUBLIC LIBRARY

Increased by:	
Library Expenditures Paid by Current Fund	$ 348,303
Decreased by:	
Receipts from Library	$ 348,303

EXHIBIT A-16

BOROUGH OF DUMONT
STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, 2019	Receipts	Disbursed	Balance, December 31, 2020
Tax Sale Premium	$ 465,800	$ 291,800	$ 436,900	$ 320,700
Redemption of Tax Sale Certificates		360,040	291,084	68,956
Tax Appeals	188,052		14,676	173,376
DCA Fees	3,402	9,883	6,099	7,186
Marriage Licenses	650	1,778	2,153	275
	$ 657,904	$ 663,501	$ 750,912	$ 570,493

EXHIBIT A-17

STATEMENT OF PREPAID TAXES

Balance, December 31, 2019		$ 271,535
Increased by:		
Collection of 2021 Taxes		389,266
		660,801
Decreased by:		
Application to 2020 Taxes Receivable		271,535
Balance, December 31, 2020		$ 389,266

EXHIBIT A-18

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2019		$ 46,407
Increased by:		
Cash Receipts		84,388
		130,795
Decreased by:		
Applied to Taxes Receivable	$ 21,079	
Cash Disbursements	16,360	
		37,439
Balance, December 31, 2020		$ 93,356

EXHIBIT A-19

BOROUGH OF DUMONT
STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE

Increased by:	
Levy - Calendar Year	$ 38,367,678
Decreased by:	
Payments	$ 38,367,678

EXHIBIT A-20

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2019		
Increased by:		
2020 Levy	$ 5,118,692	
2020 County Open Space	214,878	
Added Taxes	4,254	
		5,337,824
		5,337,824
Decreased by:		
Payments		5,333,570
		$ 4,254

EXHIBIT A-21

SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance, December 31, 2019	Transfer from Appropriation Reserves	Expended	Balance, December 31, 2020
Clean Communities Grant	$ 23,539	$ 378		$ 23,917
Alcohol Education and Rehabilitation Fund	3,076			3,076
Distracted Driving	5,500			5,500
Police Body Armor	2,322			2,322
Bergen County - ADA Ramps	2,904		$ 2,904	-
Recycling Tonnage Grant	11,773	20,000	-	31,773
	$ 49,114	$ 20,378	$ 2,904	$ 66,588

BOROUGH OF DUMONT
STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, 2019	Receipts	Realized as Budget Revenue	Balance, December 31, 2020
Recycling Tonnage	$ 20,000		$ 20,000	
Police Body Armor Fund	4,535	$ 2,874	3,412	$ 3,997
Equitable Sharing Program (DEA)	3,320			3,320
Clean Communities Grant	32,872	29,640	32,872	29,640
	$ 60,727	$ 32,514	$ 56,284	$ 36,957

TRUST FUNDS

BOROUGH OF DUMONT
STATEMENT OF TRUST CASH

	Animal Control Fund		Other Trust Fund		Unemployment Insurance Trust Fund	
Balance, December 31, 2019		$ 16,467		$ 1,152,412		$ 40,780
Increased by Receipts:						
Escrow Deposits			$ 60,105			
Miscellaneous Reserves			537,403			
License Fees Collected	$ 2,502					
Budget Appropriation					$ 10,000	
Receipts from Payroll Service Provider					11,667	
Due to State of New Jersey	476					
Payroll and Payroll Deductions	-		11,657,873		-	
		2,978		12,255,381		21,667
		19,445		13,407,793		62,447
Decreased by Disbursements:						
Expenditures Under R.S. 4:19-15.11	516					
Other Liabilities	500					
Payments to State of NJ	473				17,157	
Payroll and Payroll Deductions Payable			11,653,721			
Escrow Deposits			38,586			
Miscellaneous Reserves	-		168,823		-	
		1,489		11,861,130		17,157
Balance, December 31, 2020		$ 17,956		$ 1,546,663		$ 45,290

EXHIBIT B-2

BOROUGH OF DUMONT
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2019		$ 5,551
Increased by:		
Animal Control Fees		2,502
		8,053
Decreased by:		
Cash Disbursements	$ 516	
Statutory Excess Due to Current Fund	1,796	
		2,312
Balance, December 31, 2020		$ 5,741

EXHIBIT B-3

STATEMENT OF DUE TO STATE OF NEW JERSEY
DOG REGULATION FEES

Balance, December 31, 2019	$ 157
Increased by:	
Registration Fees - Due State of New Jersey	476
	633
Decreased by:	
Payments	473
Balance, December 31, 2020	$ 160

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2019	$ 10,259
Increased by:	
Statutory Excess	1,796
Balance, December 31, 2020	$ 12,055

EXHIBIT B-5

BOROUGH OF DUMONT
STATEMENT OF ESCROW DEPOSITS

Balance, December 31, 2019		$ 75,380
Increased by:		
Cash Receipts		60,105
		135,485
Decreased by:		
Cash Disbursements		38,586
Balance, December 31, 2020		$ 96,899

EXHIBIT B-6

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES

Balance, December 31, 2019		$ 37,867
Increased by:		
Payroll Deductions	$ 11,590	
Budget Appropriations		
Current Budget	10,000	
		21,590
		59,457
Decreased by:		
Unemployment Insurance Claims	13,453	
Due to State of New Jersey	5,032	
		18,485
Balance, December 31, 2020		$ 40,972

EXHIBIT B-7

STATEMENT OF DUE TO/FROM CURRENT FUND

Balance, December 31, 2019 (Due From)		$ 197,987
Decreased by:		
Trust Fund Expenditures Paid by Current Fund	$ 330,345	
Anticipated as Revenue in Current Fund Budget		
Police Outside Services	150,000	
		480,345
Balance, December 31, 2020 (Due To)		$ 282,358

EXHIBIT B-8

BOROUGH OF DUMONT
STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, 2019	Receipts	Decreased	Balance, December 31, 2020
Fire Prevention Fees	$ 1,109			$ 1,109
Recreation Commission	240,501	$ 76,129	$ 150,855	165,775
Tax Sale Premiums	200			200
Street Openings	17,363	2,750		20,113
Maintenance Bond	11,155			11,155
POAA	8,261	284	485	8,060
Affordable Housing (COAH)	35,626	6,450	17,000	25,076
Drug and Alcohol	12,020	840	165	12,695
Police Outside Services	745,562	445,925	480,663	710,824
Police Donations	676			676
Shade Tree	21,588	5,025		26,613
Accumulated Leave	75,226			75,226
Storm Emergency	42,677	-	-	42,677
	$ 1,211,964	$ 537,403	$ 649,168	$ 1,100,199

Cash Disbursements	$ 168,823
Due To Current Fund	480,345
	$ 649,168

EXHIBIT B-9

STATEMENT OF ACCRUED SALARIES/WAGES AND PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2019	$ 63,055
Increased by:	
Cash Receipts	11,657,873
	11,720,928
Decreased by:	
Cash Disbursements	11,653,721
Balance, December 31, 2020	$ 67,207

EXHIBIT B-10

BOROUGH OF DUMONT
STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT INSURANCE FUND

Balance, December 31, 2019	$	3,704
Increased by:		
Unemployment Claims Due to State of New Jersey		18,485
		22,189
Decreased by:		
Unemployment Insurance Claims Payments		17,157
Balance, December 31, 2020	$	5,032

EXHIBIT B-11

STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER

Balance, December 31, 2019	$	791
Increased by:		
Payroll Deductions Transferred to Payroll Service Provider		11,590
		12,381
Decreased by:		
Receipts from Payroll Service Provider		11,667
Balance, December 31, 2020	$	714

GENERAL CAPITAL FUND

BOROUGH OF DUMONT
STATEMENT OF GENERAL CAPITAL CASH

Balance, December 31, 2019		$ 7,980,761
Increased by Receipts:		
Serial Bond Proceeds	$ 15,500,000	
Bond Anticipation Notes Issued	12,314,000	
Premium on Sale of Bond Anticipation Notes	147,621	
Grant Receipts	172,273	
Receipts from Current Fund	50,000	
		28,183,894
		36,164,655
Decreased by:		
Improvement Authorizations	2,356,052	
Contracts Payable	12,743,080	
Bond Anticipation Notes	15,500,000	
Current Fund Expenditures Paid by General Capital Fund	330,755	
		30,929,887
Balance, December 31, 2020		$ 5,234,768

BOROUGH OF DUMONT
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2020

Fund Balance		$ 233,503
Contracts Payable		3,359,290
Grants Receivable		(371,337)
Due From Current Fund		(962,721)
Deferred Charges - Cancelled Grant Receivable		(54,188)
Capital Improvement Fund		51,147
Reserve for Payment of Debt		99,000
Improvement Authorizations:		
Ord. No.	Improvement Description	
1380	Park Improvements	231,454
1393	Various General Capital Improvements	(191,425)
1466	Various Storm Sewer Improvements	85,262
1434/1486	Various Capital Improvements	29,747
1481/1496	Temporary Relocation of Borough Offices	(21,112)
1498/1518	Various Capital Improvements	16,930
1501	Various Capital Improvements	42,863
1508	Purchase and Installation of Computer Server	152
1517	Thompson Street and Schraalenburgh Way Road Improvements	64,072
1519/1550/1556/1558/1578	Various Capital Improvements	336,990
1523	Sewerage System Improvements	8,485
1526	Various Equipment and Improvements	11,788
1527	Various Equipment and Improvements	3,388
1549	Various Capital Improvements	1,372,398
1567/1571	Various Capital Improvements	539,279
1579	Various Capital Improvements	349,803
		$ 5,234,768

BOROUGH OF DUMONT
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2019		$ 15,032,309
Increased by		
Serial Bonds Issued		15,500,000
		30,532,309
Decreased by:		
Budget Appropriations		
Serial Bonds	$ 1,070,000	
Green Trust Loans	10,554	
NJEIT Loan Payable	366,656	
Pension Obligation Lease	97,000	
		1,544,210
Balance, December 31, 2020		$ 28,988,099

BOROUGH OF DUMONT
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, December 31, 2019	2020 Authorizations	Paid by Budget Appropriation	Serial Bonds Issued	Balance, December 31, 2020	Analysis of Balance: Bond Anticipation Notes	Analysis of Balance: Expenditures	Analysis of Balance: Unexpended Improvement Authorizations
1250	Impvts of Various Parks and Acq. Of Equip.	$ 4,908		$ 4,908					
1275	Refund Unfunded Pension Liab	2,280		2,280					
1393	Various General Improvements	191,425				$ 191,425		$ 191,425	
1481/1496	Temporary Relocation of Borough Offices	342,000			$ 320,888	21,112		21,112	
1498/1518	Various Capital Improvements	148,800			148,800				
1501	Various Capital Improvements	176,000			176,000				
1436/1504	Various Storm Water Sewer Improvements	43,500			43,500				
1517	Thompson Street and Schraalenburgh Way Road Impvts	114,000			114,000				
1519/1550/ 1556/1558/ 1578	Various Capital Improvements	19,836,500	$ 3,330,000		14,521,812	8,644,688	$ 7,814,100		$ 830,588
1523	Sewerage System Improvements	76,000			76,000	-			
1549	Various Capital Improvements	1,858,900				1,858,900	1,858,900		
1567/1571	Various Capital Improvements	1,902,000				1,902,000	1,902,000		
1579	Various Capital Improvements	-	739,000	-	-	739,000	739,000	-	-
		$ 24,696,313	$ 4,069,000	$ 7,188	$ 15,401,000	$ 13,357,125	$ 12,314,000	$ 212,537	$ 830,588

Serial Bonds	$ 15,500,000
Less:	
Excess Bond Proceeds	(99,000)
	$ 15,401,000

Improvement Authorizations - Unfunded		$ 3,429,058
Less: Unexpended Proceeds on Bond Anticipation Notes Issued		
Ordinance No. 1519/1550/1556/1558/1578	$ 336,990	
Ordinance No. 1549	1,372,398	
Ordinance No. 1567/1571	539,279	
Ordinance No. 1579	349,803	
		2,598,470
		$ 830,588

BOROUGH OF DUMONT
STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, 2019	Grant Awards	Grants Received	Balance, December 31, 2020
Community Development				
Ord. No. 1493 Various Improvements to Locust Avenue and Brook Street	$ 31,913			$ 31,913
Department of Transportation				
Ord. No. 1498 Improvements to Johnson Avenue	36,274			36,274
Housing and Urban Development				
Ord. No. 1549 Various Capital Improvements	250,861		$ 172,273	78,588
Bergen County Open Space Trust Fund				
Ord. No. 1549 Various Capital Improvements	156,725			156,725
Department of Transportation				
Ord. No. 1571 Improvements to Delong Avenue		$ 399,000	299,250	99,750
Department of Transportation				
Ord. No. 1579 Various Capital Improvements	-	220,000	-	220,000
	$ 475,773	$ 619,000	$ 471,523	$ 623,250

Cash Receipts	$ 172,273
Due From Current Fund	299,250
	$ 471,523

Reserve for Receivable	$ 251,913
Pledged to Ordinance	371,337
	$ 623,250

EXHIBIT C-7

STATEMENT OF DEFERRED CHARGES UNFUNDED - CANCELLED GRANT RECEIVABLES

Balance, December 31, 2019	$ 94,000
Decreased by Budget Appropriation	39,812
Balance, December 31, 2020	$ 54,188

BOROUGH OF DUMONT
STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2019		$ 353,570
Increased by:		
Current Fund Expenditures Paid by General Capital Fund	$ 330,755	
General Capital Fund Grant Received in Current Fund	299,250	
Current Fund Budget Appropriation		
Deferred Charges to Future Taxation	47,000	
Capital Improvement Fund	50,000	
		727,005
		1,080,575
Decreased by:		
Anticipated as Revenue in Current Fund		
General Capital Surplus	25,000	
Receipts from Current Fund	50,000	
General Capital Expenditures Paid by Current Fund	42,854	
		117,854
Balance, December 31, 2020		$ 962,721

BOROUGH OF DUMONT
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2020 Date	Amount	Interest Rate	Balance, December 31, 2019	Increased	Decreased	Balance, December 31, 2020
2016 Refunding Bonds	7/15/2016	$ 5,430,000	7/15/2021	$ 810,000	3.00%				
			7/15/2022	850,000	3.00%				
			7/15/2023	855,000	4.00%				
			7/15/2024	1,040,000	4.00%				
			7/15/2025	1,060,000	4.00%	$ 5,410,000		$ 795,000	$ 4,615,000
General Obligation Bonds	5/23/2017	6,075,000	5/15/2021	280,000	2.50%				
			5/15/2022	290,000	2.50%				
			5/15/2023	295,000	2.50%				
			5/15/2024	305,000	2.50%				
			5/15/2025	315,000	2.50%				
			5/15/2026	320,000	2.50%				
			5/15/2027	330,000	2.50%				
			5/15/2028	345,000	3.00%				
			5/15/2029	355,000	3.00%				
			5/15/2030	370,000	3.00%				
			5/15/2031	380,000	3.00%				
			5/15/2032	395,000	3.00%				
			5/15/2033	410,000	3.00%				
			5/15/2034	430,000	3.00%				
			5/15/2035	445,000	3.00%	5,540,000		275,000	5,265,000
General Obligation Bonds	5/8/2020	15,500,000	5/1/2021-24	430,000	2.50%				
			5/1/2025	445,000	2.50%				
			5/1/2026	455,000	2.50%				
			5/1/2027	470,000	2.50%				
			5/1/2028	490,000	2.50%				
			5/1/2029	510,000	2.50%				
			5/1/2030	525,000	2.50%				
			5/1/2031	545,000	2.50%				
			5/1/2032	570,000	2.50%				
			5/1/2033	590,000	2.50%				
			5/1/2034	615,000	2.50%				
			5/1/2035	640,000	2.50%				
			5/1/2036	670,000	2.50%				
			5/1/2037	700,000	2.75%				
			5/1/2038	730,000	2.75%				
			5/1/2039	760,000	3.00%				
			5/1/2040	795,000	3.00%				
			5/1/2041	830,000	3.00%				
			5/1/2042-45	860,000	3.00%	-	$ 15,500,000	-	15,500,000
						$ 10,950,000	$ 15,500,000	$ 1,070,000	$ 25,380,000

EXHIBIT C-10

BOROUGH OF DUMONT
SCHEDULE OF PENSION OBLIGATION LEASE PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Leases Outstanding December 31, 2020 Date	Amount	Interest Rate	Balance, December 31, 2019	Decreased	Balance, December 31, 2020
Refunding - Unfunded Pension Obligation	3/15/2012	$ 882,000	3/15/2021	$ 106,000	2.96%			
			3/15/2022	117,000	3.11%			
			3/15/2023	129,000	3.26%	$ 449,000	$ 97,000	$ 352,000
						$ 449,000	$ 97,000	$ 352,000

BOROUGH OF DUMONT
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance, December 31, 2019	Increased	Decreased	Balance, December 31, 2020
1481/1496	Relocation of Borough Offices	3/14/2018	3/13/2019	2/20/2020	2.25%	$ 320,888		$ 320,888	
			2/19/2020	5/20/2020	1.75%		$ 320,888	320,888	
1498/1518	Various Capital Improvements	3/14/2018	3/13/2019	2/20/2020	2.25%	148,800		148,800	
			2/19/2020	5/20/2020	1.75%		148,800	148,800	
1501	Various Capital Improvements	3/14/2018	3/13/2019	2/20/2020	2.25%	176,000		176,000	
			2/19/2020	5/20/2020	1.75%		176,000	176,000	
1504	Various Storm Water Sewer Improvements	3/14/2018	3/13/2019	2/20/2020	2.25%	43,500		43,500	
			2/19/2020	5/20/2020	1.75%		43,500	43,500	
1517	Roadway Improvements	3/14/2018	3/13/2019	2/20/2020	2.25%	213,000		213,000	
			2/19/2020	5/20/2020	1.75%		213,000	213,000	
1519/1550/1556/ 1558/1578	Various Capital Improvements	3/14/2018	3/13/2019	2/20/2020	2.25%	2,021,812		2,021,812	
			2/19/2020	5/20/2020	1.75%		2,021,812	2,021,812	
		3/13/2019	3/13/2019	2/20/2020	2.25%	500,000		500,000	
			2/19/2020	5/20/2020	1.75%		500,000	500,000	
		12/10/2019	12/10/2019	5/11/2020	1.50%	12,000,000		12,000,000	
		6/4/2020	6/4/2020	6/4/2021	2.00%		5,314,100		$ 5,314,100
		9/23/2020	9/23/2020	6/4/2021	0.56%		2,500,000		2,500,000
1523	Sewer System Improvements	3/14/2018	3/13/2019	2/20/2020	2.25%	76,000		76,000	
			2/19/2020	5/20/2020	1.75%		76,000	76,000	
1549	Various Capital Improvements	6/4/2020	6/4/2020	6/4/2021	2.00%		1,858,900		1,858,900
1567	Various Capital Improvements	6/4/2020	6/4/2020	6/4/2021	2.00%		1,902,000		1,902,000
1579	Various Capital Improvements	9/23/2020	9/23/2020	6/4/2021	0.56%	-	739,000	-	739,000
						$ 15,500,000	$ 15,814,000	$ 19,000,000	$ 12,314,000

Renewals	$ 3,500,000	$ 3,500,000
Serial Bonds Issued		15,500,000
Bond Anticipation Notes Issued	12,314,000	-
	$ 15,814,000	$ 19,000,000

BOROUGH OF DUMONT
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Balance, December 31, 2019 Funded	Balance, December 31, 2019 Unfunded	2020 Authorizations: Capital Impvt. Fund	2020 Authorizations: Deferred Charges to Future Taxation Unfunded	2020 Authorizations: Capital Surplus	2020 Authorizations: Capital Grants	Expended	Cancelled Payables	Balance, December 31, 2020 Funded	Balance, December 31, 2020 Unfunded
1380	Park Improvements	$ 231,454								$ 231,454	
1434/1486	Various Capital Improvements	36,209						$ 6,462		29,747	
1466	Stormwater System Improvements Phase II	85,262								85,262	
1498/1518	Various Capital Improvements		$ 16,930							16,930	
1501	Various Capital Improvements		84,075					41,212		42,863	
1508	Purchase and Installation of Computer Server	152								152	
1517	Thompson Street and Schraalenburgh Way Impvts		64,072							64,072	
1519/1550/ 1556/1558/ 1578	Various Capital Improvements		2,212,950		$ 3,330,000	$ 170,000		4,545,372			$ 1,167,578
1523	Sewerage System Improvements		8,485							8,485	
1526	Various Equipment and Improvements	11,788								11,788	
1527	Various Equipment and Improvements	3,388								3,388	
1549	Various Capital Improvements		1,409,430					43,785	$ 6,753		1,372,398
1567/1571	Various Capital Improvements		825,564				$ 399,000	685,285			539,279
1579	Various Capital Improvements	-	-	$ 23,000	739,000	-	-	412,197	-	-	349,803
		$ 368,253	$ 4,621,506	$ 23,000	$ 4,069,000	$ 170,000	$ 399,000	$ 5,734,313	$ 6,753	$ 494,141	$ 3,429,058

Cash Disbursed	$ 2,356,052
Contracts Payable	3,335,407
Due to Current Fund	42,854
	$ 5,734,313

EXHIBIT C-13

BOROUGH OF DUMONT
STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2019		$ 12,773,716
Increased by:		
Charges to Improvement Authorizations		3,335,407
		16,109,123
Decreased by:		
Payments	$ 12,743,080	
Cancellations	6,753	
		12,749,833
Balance, December 31, 2020		$ 3,359,290

EXHIBIT C-14

STATEMENT OF GREEN TRUST FUND LOAN PAYABLE

Balance, December 31, 2019	$ 96,771
Decreased by:	
Budget Appropriation	10,554
Balance, December 31, 2020	$ 86,217

EXHIBIT C-15

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE

Balance, December 31, 2019	$ 3,536,538
Decreased by:	
Budget Appropriation	366,656
Balance, December 31, 2020	$ 3,169,882

EXHIBIT C-16

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2019	$ 24,147
Increased by:	
Current Fund Budget Appropriation	50,000
	74,147
Decreased by:	
Appropriated to Finance Improvement Authorizations	23,000
Balance, December 31, 2020	$ 51,147

EXHIBIT C-17

BOROUGH OF DUMONT
STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Increased by:	
Excess Bond Proceeds	$ 99,000
Balance, December 31, 2020	$ 99,000

EXHIBIT C-18

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance, December 31, 2019	Improvement Authorizations	Current Fund Budget Appropriation	Bond Anticipation Notes Issued	Balance, December 31, 2020
1250	Impvts of Various Parks and Acq. of Equip	$ 4,908		$ 4,908		
1275	Refund Unfunded Pension Liab	2,280		2,280		
1393	Various General Capital Improvements	191,425				$ 191,425
1481/1496	Relocation of Borough Offices	21,112				21,112
1519/1550/ 1556/1558/ 1578	Various Capital Improvements	5,314,688	$ 3,330,000		$ 7,814,100	830,588
1549	Various Capital Improvements	1,858,900			1,858,900	-
1567	Various Capital Improvements	1,902,000			1,902,000	-
1579	Various Capital Improvements	-	739,000	-	739,000	-
		$ 9,295,313	$ 4,069,000	$ 7,188	$ 12,314,000	$ 1,043,125

PUBLIC ASSISTANCE FUND

EXHIBIT D-1

BOROUGH OF DUMONT
STATEMENT OF PUBLIC ASSISTANCE CASH

Balance, December 31, 2019	$ 455
Increased by:	
Donations	708
	1,163
Decreased by:	
Expenditures	523
Balance, December 31, 2020	$ 640

EXHIBIT D-2

STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Balance, December 31, 2019	$ 455
Increased by:	
Revenues	708
	1,163
Decreased by:	
Expenditures	523
Balance, December 31, 2020	$ 640

EXHIBIT D-3

STATEMENT OF PUBLIC ASSISTANCE REVENUES

Revenues/Receipts	
Donations	$ 708

EXHIBIT D-4

STATEMENT OF PUBLIC ASSISTANCE EXPENDITURES

Expenditures/Disbursements	
Non-Reimbursable Expenditures	$ 523

PART II

GOVERNMENT AUDITING STANDARDS

LERCH, VINCI & HIGGINS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA
CHRISTINA CUIFFO, CPA

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 AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Dumont
50 Washington Avenue
Dumont, New Jersey 07628

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the Borough of Dumont as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2021. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Borough of Dumont's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Borough of Dumont's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Dumont'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Dumont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Borough of Dumont in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

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 of Dumont'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 of Dumont's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
August 19, 2021

SCHEDULE A

BOROUGH OF DUMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Program	CFDA Number	Grant Receipts	Grant Award	Balance, December 31, 2019	Revenue	Expended	Balance, December 31, 2020	Cumulative Expenditures
United States Department of Law and Public Safety								
Coronavirus Pandemic								
Public Assistance Grant	97.036	14,754	$ 14,754		$ 14,754	$ 14,754		$ 14,754
United States Department of Housing and Urban Development								
Passed Thru Bergen County Community Development								
Roadway Improvements - Columbia Avenue	14.218	172,273	250,861		172,273	172,273		172,273
United States Department of Justice								
Equitable Sharing Program (Asset Forfeiture)	16.922		3,320					
United States Department of Treasury								
(Passed through County of Bergen)								
Coronavirus Relief Fund	21.019	268,966	268,966		268,966	268,966		268,966
Bulletproof Vest Partnership Grant	N/A	3,185	3,185		3,185		$ 3,185	
United States Department of Transportation								
Division of Highway Traffic Safety								
Distracted Driving Incentive	20.616		5,500	$ 5,500	-	-	5,500	-
				$ 5,500	$ 459,178	$ 455,993	$ 8,685	$ 455,993

This schedule is not subject to a single audit as defined by U.S. Uniform Guidance

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

BOROUGH OF DUMONT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

State Grant Program	Account Number	Grant Year	Grant Receipts	Balance, December 31, 2019	Revenue	Expended	Balance, December 31, 2020	Cumulative Expenditures
Division of Criminal Justice								
Body Armor	1020-718-066-1020-001-YCJS-6120	2020	$ 2,874					
Body Armor	1020-718-066-1020-001-YCJS-6120	2019			$ 3,412	$ 1,998	$ 1,414	$ 1,998
Body Armor	1020-718-066-1020-001-YCJS-6120	2018						
Body Armor	1020-718-066-1020-001-YCJS-6120	2017		$ 2,322			2,322	749
Department of Environmental Protection								
Clean Communities Program	4900-765-178910-60	2020	29,640					
Clean Communities Program	4900-765-178910-60	2019			32,872	14,667	18,205	14,667
Clean Communities Program	4900-765-178910-60	2018		6,270		5,892	378	29,077
Clean Communities Program	4900-765-178910-60	2017		20,186			20,186	1,945
Clean Communities Program	4900-765-178910-60	2016		3,353			3,353	
State Recycling Fund	*	2019			20,000	10,839	9,161	10,839
State Recycling Fund	*	2018		20,000			20,000	
State Recycling Fund	*	2017		1,286			1,286	21,174
State Recycling Fund	*	2016		555			555	7,627
State Recycling Fund	*	2015		9,932			9,932	775
US Department of Transportation								
Highway Planning and Construction (Passed Thru New Jersey Department of Transportation)								
Road Improvements - Delong Avenue	078-6320-480	2018	202,000		202,000	202,000		202,000
Road Improvements - Delong Avenue	078-6320-480	2019	97,250		97,250	97,250		97,250
Highway Planning and Construction (Passed Thru New Jersey Department of Transportation and County of Bergen)								
Bergen County ADA Handicap Ramp Grant	078-6320-480	2012			2,904	2,904		340,207
Administrative Offices of the Courts								
Alcohol Education and Rehabilitation	9735-760-060000-60	2015		118			118	
Alcohol Education and Rehabilitation	9735-760-060000-60	2014		354			354	
Alcohol Education and Rehabilitation	9735-760-060000-60	2013		475			475	
Alcohol Education and Rehabilitation	9735-760-060000-60	2012		270			270	
Alcohol Education and Rehabilitation	9735-760-060000-60	2007		395			395	
Alcohol Education and Rehabilitation	9735-760-060000-60	2006		205			205	
Alcohol Education and Rehabilitation	9735-760-060000-60	2005		250			250	
Alcohol Education and Rehabilitation	9735-760-060000-60	2002		434			434	
Alcohol Education and Rehabilitation	9735-760-060000-60	1998		575	-	-	575	-
Total State Financial Assistance				$ 66,980	$ 358,438	$ 335,550	$ 89,868	$ 728,308

* Not Available

This schedule is not subject to a single audit in accordance with NJ Circular 15-08

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance.

BOROUGH OF DUMONT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2020

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Dumont. The Borough is defined in Note 1(A) to the Borough's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the Borough's financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the Borough's financial statements. Financial assistance revenues are reported in the Borough's financial statements on a basis of accounting described above as follows:

	Federal	State	Total
Current Fund	$ 286,905	$ 59,188	$ 346,093
General Capital Fund	172,273	299,250	471,523
Total Financial Awards	$ 459,178	$ 358,438	$ 817,616

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Borough's fiscal year and grant program year.

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2020, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

Loan Program	
Green Trust Fund	
Park Improvements	$ 86,217
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	688,000
Fund Loan - 2007	584,776
Trust Loan - 2010	523,000
Fund Loan - 2010	1,374,106
	$ 3,256,099

NOTE 6 DE MINIMIS INDIRECT COST RATE

The Borough has not elected to use the 10 percent de minimis indirect cost rate allowed under the U.S. Uniform Guidance.

BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	Modified, Presentation of Unaudited LOSAP Fund		
Internal control over financial reporting:			
1) Material weakness(es) identified	_____ yes	X no	
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	X	none reported
Noncompliance material to the financial statements noted?	_____ yes	X no	

Federal Awards Section

NOT APPLICABLE

State Awards Section

NOT APPLICABLE

BOROUGH OF DUMONT
SCHEDULE OF FINDINGS AND RESPONSES (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18-5.20 of *Government Auditing Standards.*

There are none.

BOROUGH OF DUMONT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

This section identifies the status of prior-year findings related to the financial statements are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards.*

STATUS OF PRIOR YEAR FINDINGS

There were none.

PART III

SUPPORTING DATA

AND

LETTER OF COMMENTS AND RECOMMENDATIONS

BOROUGH OF DUMONT
SUPPORTING DATA

Comparative Schedule Of Tax Rate Information

	2020	2019	2018
Tax Rate	$3.759	$3.669	$3.594
Apportionment of Tax Rate			
Municipal	1.131	1.101	1.077
County	.316	.298	.290
Local School	2.270	2.229	2.188
Library	.042	.041	.039

Assessed Valuation			
2020	$1,690,378,240		
2019		$1,689,761,940	
2018			$1,688,924,840

Comparison Of Tax Levies And Collection 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.

Year	Tax Levy	Cash Collections	Percentage of Collection
2020	$ 63,591,926	$ 62,994,911	99.06%
2019	62,099,911	61,540,694	99.09%
2018	60,771,424	60,181,857	99.03%

BOROUGH OF DUMONT
SUPPORTING DATA

Delinquent Taxes And Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last three years.

December 31 Year	Amount of Delinquent Taxes	Tax Title Lien	Total	Percentage of Tax Levy
2020	$ 535,592	$ 8,663	$ 544,255	0.86%
2019	504,843	8,268	513,111	0.83%
2018	531,494	7,883	539,377	0.89%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2020 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens at December 31, on the basis of the last assessed valuation of such properties, was as follows:

Year	Amount
2020	$79,526
2019	79,526
2018	79,526

Comparative Schedule Of Fund Balances

	Year	Balance, December 31	Utilized In Budget of Succeeding Year
Current Fund	2020	$2,714,187	$1,615,000
	2019	3,014,510	1,615,000
	2018	2,683,633	1,490,000

BOROUGH OF DUMONT
SUPPORTING DATA

OFFICIALS IN OFFICE

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

Name	Title
Andrew LA Bruno	Mayor
Jimmy Chae	Councilman
Damon Englese	Councilman
Conor Gorman	Councilman
Carl Manna	Councilman
Lisa Rossillo	Councilwoman
Carole Stewart	Councilwoman
Chris Tully	Administrator
Issa Abbasi	Chief Financial Officer
Frank Berardo	Qualified Purchasing Agency, Tax Collector
Susan Connelly	Borough Clerk
Kaufman, Semeraro & Liebman	Attorney
Remington Vernick Arango	Engineers
Donald Holdsworth	Magistrate
Glenda Hickey	Court Administrator
James Anzevino	Tax Assessor

BOROUGH OF DUMONT

GENERAL COMMENTS

Prior Year Unresolved

Our audit noted that certain balances in the Trust Escrow ledgers were not in agreement with audited balances. It is recommended that the Trust Escrow balances be reviewed and adjusted to bring the accounts in agreement with the audited balances. In addition, procedures be implemented to reconcile the subsidiary ledgers with the general ledger on a monthly basis.

Our audit noted that the Borough's fixed asset accounting records are updated by an independent appraisal company and were not reconciled with the Borough's accounting records. Our audit noted unrecorded additions and unrecorded deletions. It is recommended that the Borough's fixed asset accounting records be integrated with the purchasing system. Furthermore, procedures be implemented to reconcile the fixed assets with the Borough's accounting records.

Our audit noted that a payroll agency ledger by deduction is not maintained by the Borough. In addition, net payroll and payroll agency transactions were not recorded in the Borough's Trust Fund accounting system. It is recommended that all payroll and payroll agency transactions be recorded in the Borough's accounting system and that a payroll agency ledger by deduction be implemented, maintained and be reconciled with the monthly bank reconciliations.

Current Year

Our audit noted that the Borough had several interfund balances at December 31, 2020. It is recommended that all interfund balances be cleared prior to year end.

Our audit revealed that the Borough does not have a formal written policy for the use of store credit cards. It is recommended that the Borough adopt a formal written policy regarding the use of store credit cards.

Our audit noted that the Current Fund general ledger balance for cash was not in agreement with the bank reconciliations. Adjustments totaling $642,779 were required to be posted to the general ledger and subsidiary records. In addition, an adjustment of $424,101 was necessary to correct the posting of the January 1, 2021 payroll. It is recommended that all reconciling items included on the monthly bank reconciliations be timely reviewed and if necessary adjusted in the Borough's financial accounting records.

Our audit revealed that certain budget line items in the Borough's 2020 budget and 2019 appropriation reserve budget were overexpended at December 31, 2020. This was a result of reclassifications due to incorrect budget charges. It is recommended that the Borough review its internal control procedures to ensure that expenditures are charged to the appropriate budget accounts.

Our audit revealed that the Borough awarded a contract to a vendor through a National Cooperative Purchasing agreement. A cost savings analysis was not provided for audit. In addition, the required documentation to comply with New Jersey procurement requirements was not available. It is recommended that the Borough refer to Local Finance Notice ("LFN") 2012-10 to ensure compliance with all requirements when utilizing National Cooperative contracts.

Our audit noted that employees were not removed from the dental policy in a timely manner after their separation from the Borough. It is recommended that the Borough review the monthly dental insurance invoices to ensure that only eligible employees are provided dental coverage.

Current Year (Continued)

Our audit noted that the Borough does not have an approved IRS section 125 plan. It is recommended that the Borough consult with its benefit advisor, and submit the appropriate application to the IRS for the establishment of a Section 125 Plan.

Our audit of compensated absences noted that the liability does not appear to be calculated in accordance with approved labor agreements, nor is it clerically accurate. In addition, employee time and attendance information is not centrally maintained. It is recommended that the Borough review its procedures regarding the compilation of information and the accounting of the Borough's compensated absence liability.

Our audit noted that the 2020 Uniform Construction Code Enforcement Fee (UCC) Report was not filed by the required due date. It is recommended that the UCC Annual Report be filed in accordance with N.J.A.C. 5:23-4.17.

Contracts and Contracts Required To Be Advertised For NJS 40A:11-4

NJS 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate $17,500 (without a Qualified Purchasing Agent) and $40,000 (With a Qualified Purchasing Agent) except by contract or agreement. The bid threshold with a qualified purchasing agent was increased effective July 1, 2020 to $44,000.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was $17,500. The Borough has adopted a resolution increasing the threshold to $40,000 and has appointed an individual as the qualified purchasing agent in accordance with regulations established by the Division of Local Government Services.

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

The minutes indicated that bids were received for Delong Avenue Improvements, Ceiling in the Police Department and Solid Waste Collection Services.

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "professional services" per N.J.S. 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.

Our examination of expenditures revealed instances where the accumulation of expenditures exceeded the bid threshold "for the performance of any work, or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

BOROUGH OF DUMONT

GENERAL COMMENTS

Collection Of Interest On Delinquent Taxes And Assessments

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

The Governing Body adopted a resolution authorizing interest to be charged on delinquent taxes.

Suggestions to Management

- Appropriated grant reserve balances be reviewed and action taken to expend or clear of record.
- Grant receivable balances in the Current and General Capital Funds be reviewed and action taken to collect or clear of record.

BOROUGH OF DUMONT
SUPPORTING DATA

RECOMMENDATIONS

It is recommended that:

* 1. The Trust Escrow balances be reviewed and adjusted to bring the accounts in agreement with the audited balances. In addition, procedures be implemented to reconcile the subsidiary ledgers with the general ledger on a monthly basis.

* 2. The Borough's fixed asset accounting records be integrated with the purchasing system. Furthermore procedures be implemented to reconcile the fixed assets with the Borough's accounting records.

* 3. All payroll and payroll agency transactions be recorded in the Borough's accounting system and that the payroll agency ledger by deduction be implemented, maintained and be reconciled with the monthly bank reconciliations.

4. All interfund balances be cleared prior to year end.

5. The Borough adopt a formal written policy regarding the use of store credit cards.

6. All reconciling items included on the monthly bank reconciliations be timely reviewed and if necessary adjusted in the Borough's financial accounting records.

7. The Borough review its internal control procedures to ensure that expenditures are charged to the appropriate budget accounts.

8. The Borough refer to Local Finance Notice ("LFN") 2012-10 to ensure compliance with all requirements when utilizing National Cooperative contracts.

9. The Borough review the monthly dental insurance invoices to ensure that only eligible employees are provided dental coverage.

10. The Borough consult with its benefit advisor and submit the appropriate application to the IRS for the establishment of a Section 125 plan.

11. The Borough review its procedures regarding the compilation of information and the accounting of the Borough's compensated absence liability.

12. The Uniform Construction Code Annual Report be filed annually in accordance with N.J.A.C. 5:23-4.17.

Status of Prior Years' Audit Findings/Recommendations

A review was performed on all prior years' recommendations and corrective action was taken on all, except for those recommendations denoted with an asterisk (*).