

BOROUGH OF DUMONT
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2021

BOROUGH OF DUMONT

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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
Dumont, New Jersey

Report on the Audit of Financial Statements

Opinions

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, 2021 and 2020, 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, 2021, and the related notes to the financial statements.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters discussed in the Basis for Qualified Opinion on Regulatory Basis of Accounting section of our report, 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, 2021 and 2020, 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, 2021 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the 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, 2021 and 2020, or changes in financial position for the years then ended.

Basis for Opinions

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

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, 2021 and 2020. The LOSAP Trust Fund financial activities are included in the Borough's Trust Funds, and represent 41 percent and 51 percent of the assets and liabilities of the Borough's Trust Funds as of December 31, 2021 and 2020, respectively.

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 and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Dumont's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Dumont's ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 and schedule of expenditures of state financial assistance are presented for purposes of additional analysis and are not a required part of the financial statements of the Borough of Dumont. 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.

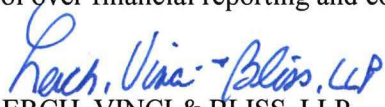
Other Information


Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 24, 2022 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 & BLISS, LLP
 Certified Public Accountants
 Registered Municipal Accountants


 Gary J. Vinci
 Registered Municipal Accountant
 RMA Number CR00411

Fair Lawn, New Jersey
 August 24, 2022

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020

ASSETS	Reference	2021	2020
Cash	A-4 -	\$ 7,725,518	\$ 6,471,413
Petty Cash	A-5 -	400	400
Change Fund	A	275	275
Grants Receivable	A-6 -	345,207	345,207
Due From State - Senior Citizens and Veterans Deductions	A-7 -	<u>10,157</u>	<u>8,907</u>
		<u>8,081,557</u>	<u>6,826,202</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes	A-8 -	439,139	535,592
Tax Title Liens	A-9 -	9,069	8,663
Property Acquired for Taxes	A-10 -	79,526	79,526
Revenue Accounts Receivable	A-12 -	1,962	1,213
Due from Dixon Homestead Library	A-23 -	14,113	
Due from Animal Control Fund	B-4 -	15,012	12,055
Due from Other Trust Fund	B-7 -	<u>857,623</u>	<u>282,358</u>
		<u>1,416,444</u>	<u>919,407</u>
Deferred Charges			
Emergency Authorization	A-11 -	100,000	
Overexpenditure of Appropriation Reserves	A-11 -	2,400	13,299
Overexpenditure of Appropriations	A-11 -	<u>-</u>	<u>4,545</u>
		<u>102,400</u>	<u>17,844</u>
Total Assets		<u>\$ 9,600,401</u>	<u>\$ 7,763,453</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Liabilities			
Appropriation Reserves	A-3, A-13	\$ 965,170	\$ 1,111,434
Encumbrances Payable	A-14 -	1,144,299	894,790
Accounts Payable	A-15 -	126,543	
Due to General Capital Fund	C-8 -	1,039,825	962,721
Miscellaneous Reserves	A-16 -	833,630	570,493
Prepaid Taxes	A-17 -	342,749	389,266
Tax Overpayments	A-18 -	58,323	93,356
County Taxes Payable	A-20 -	-	4,254
Appropriated Grant Reserves	A-21 -	68,610	66,588
Unappropriated Grant Reserves	A-22 -	<u>974,530</u>	<u>36,957</u>
		<u>5,553,679</u>	<u>4,129,859</u>
Reserve for Receivables and Other Assets	A	1,416,444	919,407
Fund Balance	A-1 -	<u>2,630,278</u>	<u>2,714,187</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,600,401</u>	<u>\$ 7,763,453</u>

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
REVENUES AND OTHER INCOME REALIZED		
Fund Balance Utilized	\$ 1,615,000	\$ 1,615,000
Miscellaneous Revenues Anticipated	2,968,884	2,418,901
Receipts from Delinquent Taxes	535,592	504,843
Receipts from Current Taxes	64,902,371	62,994,911
Non-Budget Revenues	404,914	339,923
Other Credits to Income		
Unexpended Balance of Appropriation Reserves	739,055	530,737
Interfunds Returned	-	10,259
Statutory Excess - Animal Control Fund	<u>2,957</u>	<u>1,796</u>
 Total Revenues	 <u>71,168,773</u>	 <u>68,416,370</u>
 EXPENDITURES		
Municipal Budget	24,845,149	23,106,208
County Taxes	5,636,462	5,337,824
Local District School Taxes	38,630,443	38,367,678
Overexpenditure of Appropriation Reserves	2,400	13,299
Refund of Prior Year Revenues	33,293	115
Establish Reserve for Amount Due from Library	14,113	
Interfund Advance	<u>578,222</u>	<u>294,413</u>
 Total Expenditures	 <u>69,740,082</u>	 <u>67,119,537</u>
 Excess in Revenues	 1,428,691	 1,296,833
Adjustments to Income Before Fund Balance:		
Expenditures Included Above Which are by Statute		
Deferred Charges to Budget of Succeeding Year	<u>102,400</u>	<u>17,844</u>
 Statutory Excess to Fund Balance	 1,531,091	 1,314,677
 Fund Balance, January 1	 <u>2,714,187</u>	 <u>3,014,510</u>
	4,245,278	4,329,187
Decreased by:		
Utilization as Anticipated Revenue	<u>1,615,000</u>	<u>1,615,000</u>
 Fund Balance, December 31	 <u>\$ 2,630,278</u>	 <u>\$ 2,714,187</u>

BOROUGH OF DUMONT
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>NJSA 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Utilized	<u>\$ 1,615,000</u>	<u>-</u>	<u>\$ 1,615,000</u>	<u>-</u>
Miscellaneous Revenues				
Licenses				
Alcoholic Beverages	14,000		14,838	\$ 838
Other	3,600		3,761	161
Fees and Permits				
Construction Code Official	300,000		288,668	(11,332)
Other	75,000		66,796	(8,204)
Fines and Costs - Municipal Court	75,000		39,795	(35,205)
Interest on Costs on Taxes	100,000		126,215	26,215
Interest on Investments and Deposits	40,000		31,688	(8,312)
Fire Inspection Fees	20,000		31,429	11,429
Recreation Fees	50,000		50,000	
Energy Receipts Tax	1,355,252		1,355,252	
Clean Communities Grant	29,640		29,640	
Police Body Armor Grant	3,997		3,997	
Police Outside Services - Admin. Fees	150,000		150,000	
General Capital Fund Balance	25,000		25,000	
Life Hazard Use Fees	9,000		14,074	5,074
PILOT - Senior Citizen Club	15,000		15,000	
PILOT - Washington Promenade (2020)	90,000		99,882	9,882
PILOT - Washington Promenade	275,000		399,296	124,296
Cable Television Franchise Fees	223,000	-	223,553	553
Total Miscellaneous Revenues	<u>2,853,489</u>	<u>-</u>	<u>2,968,884</u>	<u>115,395</u>
Receipts from Delinquent Taxes	<u>500,000</u>	<u>-</u>	<u>535,592</u>	<u>35,592</u>
Amount to be Raised by Taxes for Support of				
Municipal Budget	20,331,261		21,190,051	858,790
Free Public Library	745,415	-	745,415	-
	<u>21,076,676</u>	<u>-</u>	<u>21,935,466</u>	<u>858,790</u>
Total General Revenues	<u>\$ 26,045,165</u>	<u>\$ -</u>	<u>27,054,942</u>	<u>\$ 1,009,777</u>
Non-Budget Revenues			<u>404,914</u>	
			<u>\$ 27,459,856</u>	

BOROUGH OF DUMONT
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Analysis of Realized Revenues

Allocation of Current Tax Collections

Revenues from Collections	\$ 64,902,371
Less: Allocation to School and County Taxes	<u>44,266,905</u>

Balance for Support of Municipal Budget Appropriation	20,635,466
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Add Appropriation - "Reserve for Uncollected Taxes"	<u>1,300,000</u>
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Amount for Support of Municipal Budget Appropriations	<u><u>\$ 21,935,466</u></u>
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Licenses-Other

Borough Clerk	\$ 3,521
Board of Health	<u>240</u>

	<u><u>\$ 3,761</u></u>
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Fees and Permits-Other

Borough Clerk	\$ 12,880
Police	1,036
Planning and Zoning	15,480
Fire Prevention	18,300
Board of Health	<u>19,100</u>

	<u><u>\$ 66,796</u></u>
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BOROUGH OF DUMONT
STATEMENT OF REVENUES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Analysis of Non-Budget Revenue	
FEMA Reimbursements	\$ 128,738
County Reimbursements	4,840
Suez Road Repaving Reimbursement	115,000
Cresskill Shared Service Reimbursement	21,433
BJIF Refund	6,343
BJIF Safety Incentive	1,000
SWAT Reimbursement	1,500
NJ Dept. of Labor Reimbursement	6,431
Metro PCS Monopole Rental	28,046
Federal and State Tax Payment Refunds	3,896
Admin Fee - Senior Citizens And Veterans	2,130
6% Tax Penalty	22,726
Recycling	19,392
Pilot - Bergen County Housing	19,388
Unison Revenue Sharing	18,063
Miscellaneous	<u>5,988</u>
	<u>\$ 404,914</u>

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 97,500	\$ 98,500	\$ 97,500	\$ 1,000	
Other Expenses	136,250	171,250	167,366	3,884	
Postage	21,000	11,000	9,750	1,250	
Mayor and Council					
Salaries and Wages	14,500	14,500	14,500	-	
Other Expenses	11,500	6,500	3,996	2,504	
Municipal Clerk					
Salaries and Wages	176,598	176,598	152,760	23,838	
Other Expenses	35,500	30,500	22,179	8,321	
Elections					
Other Expenses	16,000	16,000	15,048	952	
Financial Administration					
Salaries and Wages	102,676	107,676	102,835	4,841	
Other Expenses	142,000	137,000	123,521	13,479	
Auditor					
Other Expenses	51,000	57,000	51,000	6,000	
Assessment of Taxes					
Salaries and Wages	24,395	24,395	23,935	460	
Other Expenses	15,000	9,000	4,413	4,587	
Collection of Taxes					
Salaries and Wages	84,087	84,087	82,505	1,582	
Other Expenses	15,000	12,000	11,253	747	
Legal Services and Costs					
Borough Attorney - Other Expenses	100,000	155,000	139,714	15,286	
Special Counsel - Other Expenses	175,000	210,000	198,651	11,349	
Engineering					
Other Expenses	50,000	50,000	49,650	350	
Planning Board/Zoning Board					
Salaries and Wages	2,400	2,400	2,200	200	
Other Expenses	10,850	10,850	7,224	3,626	
Affordable Housing (COAH)					
Salaries and Wages	1,000	2,000	1,222	778	
Other Expenses	15,000	15,000	15,000		
Insurance					
General Liability	408,822	398,822	361,667	37,155	
Workers Compensation	370,000	370,000	369,252	748	
Employee Group Health	1,803,000	1,783,000	1,715,501	67,499	
Health Benefit Waiver	35,000	32,000	23,868	8,132	
Rent Leveling Board					
Salaries and Wages	1,080	1,080	583	497	
Other Expenses	140	340	151	189	
Economic Development Committee					
Other Expenses	3,000	1,000	-	1,000	
PUBLIC SAFETY					
Fire Department					
Salaries and Wages	3,624	3,624	3,624	-	
Other Expenses	134,650	147,650	138,481	9,169	
Life Hazard Use Fees					
Salaries and Wages	44,344	44,344	30,765	13,579	
Other Expenses	7,000	7,000	5,583	1,417	
Aid to Volunteer Fire Companies	52,000	53,876	53,876	-	
Rental of Fire Houses	64,000	64,000	64,000	-	
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, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>
PUBLIC SAFETY (Continued)					
Police Department					
Salaries and Wages	\$ 5,167,672	\$ 5,167,672	\$ 4,954,026	\$ 213,646	
Other Expenses	263,077	188,001	153,916	34,085	
Police Reserve - Other Expenses	4,500	500		500	
Emergency Management					
Salaries and Wages	3,500	3,500	1,167	2,333	
Other Expenses	3,000	1,000	-	1,000	
Volunteer Ambulance Corp.					
Other Expenses	46,000	46,000	46,000	-	
Municipal Prosecutor					
Salaries and Wages	8,615	11,615	8,720	2,895	
PUBLIC WORKS					
Streets and Road Maintenance					
Salaries and Wages	1,899,666	1,903,666	1,894,816	8,850	
Other Expenses	288,314	274,314	255,687	18,627	
Recycling					
Salaries and Wages	4,349	4,349	1,737	2,612	
Garbage and Trash Removal					
Other Expenses	2,419,000	2,373,000	2,301,866	71,134	
Sewer System					
Other Expenses	15,000	15,000	13,080	1,920	
Public Building and Grounds					
Salaries and Wages	185,069	185,069	172,482	12,587	
Other Expenses	30,500	150,500	114,288	36,212	
Shade Tree					
Other Expenses	12,000	17,000	11,749	5,251	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	77,998	78,998	76,941	2,057	
Other Expenses	73,000	96,000	74,321	21,679	
Other Expenses-Contractual	-	-	-	-	
Stigma Free Committee					
Other Expenses	500	500		500	
Animal Control Services					
Other Expenses	25,000	32,000	18,178	13,822	
Environmental Commission					
Other Expenses	2,000	2,000	-	2,000	
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	94,990	96,990	95,167	1,823	
Other Expenses	26,100	24,100	5,775	18,325	
Parks and Playgrounds					
Salaries and Wages	138,616	138,616	114,991	23,625	
Other Expenses	44,600	31,600	24,178	7,422	

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>
OTHER					
Celebration of Public Events					
Other Expenses	\$ 60,000	\$ 60,000	\$ 54,039	\$ 5,961	
Salary Adjustments					
Salaries and Wages	55,000	31,000		31,000	
MUNICIPAL COURT					
Salaries and Wages	116,468	126,468	123,412	3,056	
Other Expenses	7,500	7,500	6,108	1,392	
Public Defender					
Salaries and Wages	5,384	7,384	5,351	2,033	
CODE ENFORCEMENT AND ADMINISTRATION					
Salaries and Wages	248,275	252,275	249,068	3,207	
Other Expenses	17,150	17,150	16,141	1,009	
UNCLASSIFIED					
Utilities					
Gasoline	125,000	125,000	110,707	14,293	
Electricity	200,000	200,000	200,000		
Telephone	100,000	100,000	92,041	7,959	
Street Lighting	140,000	140,000	140,000	-	
Water	35,000	35,000	35,000	-	-
Total Operations Within "CAPS"	16,358,759	16,443,759	15,596,848	846,911	-
Detail:					
Salaries and Wages	8,596,806	8,602,806	8,238,175	364,631	-
Other Expenses	7,761,953	7,840,953	7,358,673	482,280	-
DEFERRED CHARGES AND REGULATORY EXPENDITURES-MUNICIPAL					
Deferred Charges:					
Overexpenditure of Appropriations	17,844	17,844	17,844		
Statutory Expenditures:					
Contribution to:					
Social Security System	410,000	410,000	360,260	49,740	
Public Employees' Retirement System	547,819	561,319	547,819	13,500	
Police and Firemen's Retirement Fund of NJ	1,434,027	1,435,527	1,408,696	26,831	
Unemployment Insurance	10,000	10,000	-	10,000	
Defined Contribution Retirement Plan	3,500	3,500	2,479	1,021	-
Total Deferred Charges and Statutory Expenditures - Within "CAPS"	2,423,190	2,438,190	2,337,098	101,092	-
Total General Appropriations for Municipal Purposes within "CAPS"	18,781,949	18,881,949	17,933,946	948,003	-

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
UTILITY EXPENSES AND BULK PURCHASES					
Bergen County Utilities Authority-Operations	\$ 1,473,985	\$ 1,473,985	\$ 1,473,919	\$ 66	
Bergen County Utilities Authority-Debt Service	558,315	558,315	558,315		
EDUCATION					
Maintenance of Free Public Library	745,415	745,415	745,415		
PUBLIC WORKS					
Declared State of Emergency - Snow Storm					
Streets and Roads - Salaries and Wages	27,036	27,036	27,036		
PUBLIC SAFETY					
Length of Service Awards Program	50,000	50,000	35,400	14,600	-
Total Other Operations - Excluded from "CAPS"	2,854,751	2,854,751	2,840,085	14,666	-
PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES					
FEDERAL AND STATE GRANTS					
Police Body Armor					
Other Expenses	3,997	3,997	2,996	1,001	
Clean Communities					
Other Expenses	29,640	29,640	29,640	-	-
Total Public and Private Programs Offset by Revenues	33,637	33,637	32,636	1,001	-
Total Operations Excluded from "CAPS"	2,888,388	2,888,388	2,872,721	15,667	-
Detail:					
Other Expenses	2,888,388	2,888,388	2,872,721	15,667	-
CAPITAL IMPROVEMENTS					
Capital Improvement Fund	50,000	50,000	50,000	-	-
Acquisition of Ambulance Corp. Jackets	1,500	1,500	-	1,500	-
Total Capital Improvements	51,500	51,500	50,000	1,500	-
MUNICIPAL DEBT SERVICE					
Payment of Bond Principal	1,520,000	1,520,000	1,520,000		
Payment of Bond Anticipation Note Principal					
Interest on Bonds	726,600	726,600	726,600		
Interest on Notes	194,147	194,147	194,146		\$ 1
Green Trust					
Loan Repayments for Principal and Interest	12,437	12,437	12,437		
Bergen County Improvement Authority -					
Loan Repayment	115,410	115,410	115,410		-
NJEIT Loan Principal	372,414	372,414	372,414		-
NJEIT Loan Interest	55,320	55,320	55,305	-	15
Total Municipal Debt Service	2,996,328	2,996,328	2,996,312	-	16

BOROUGH OF DUMONT
STATEMENT OF EXPENDITURES - REGULATORY BASIS
CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES EXCLUDED FROM "CAPS"					
Deferred Charges Unfunded					
Cancelled Capital Grants	\$ 27,000	\$ 27,000	\$ 27,000	-	-
Total Deferred Charges	27,000	27,000	27,000	-	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	5,963,216	5,963,216	5,946,033	\$ 17,167	\$ 16
Subtotal General Appropriations	24,745,165	24,845,165	23,879,979	965,170	16
RESERVE FOR UNCOLLECTED TAXES	1,300,000	1,300,000	1,300,000	-	-
Total General Appropriations	\$ 26,045,165	\$ 26,145,165	\$ 25,179,979	\$ 965,170	\$ 16
Budget as Adopted		\$ 26,045,165			
Emergency Authorization		100,000			
		<u>\$ 26,145,165</u>			
Cash Disbursements			\$ 22,615,732		
Encumbrances Payable			1,144,299		
Due to General Capital Fund					
Capital Improvement Fund			50,000		
Deferred Charges			27,000		
Current Fund Expenditures Paid by General Capital Fund			25,104		
Deferred Charges			17,844		
Reserve for Uncollected Taxes			<u>1,300,000</u>		
			<u>\$ 25,179,979</u>		

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
ANIMAL CONTROL FUND			
Cash	B-1	\$ 20,443	\$ 17,956
OTHER TRUST FUND			
Cash	B-1	2,778,971	1,546,663
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	50,730	45,290
Due from Payroll Service Provider	B-11	-	714
		50,730	46,004
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Investment	B	1,961,508	1,636,465
Contribution Receivable	B	35,400	39,600
		1,996,908	1,676,065
Total Assets		\$ 4,847,052	\$ 3,286,688

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
TRUST FUNDS
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
ANIMAL CONTROL FUND			
Reserve for Animal Control Expenditures	B-2	\$ 5,271	\$ 5,741
Due to State of New Jersey	B-3	160	160
Due to Current Fund	B-4	<u>15,012</u>	<u>12,055</u>
		<u>20,443</u>	<u>17,956</u>
OTHER TRUST FUND			
Reserve for Developers Escrow	B-5	59,622	96,899
Due to Current Fund	B-7	857,623	282,358
Miscellaneous Reserves	B-8	1,799,213	1,100,199
Payroll Deductions Payable	B-9	<u>62,513</u>	<u>67,207</u>
		<u>2,778,971</u>	<u>1,546,663</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Due to State of New Jersey	B-10	-	5,032
Reserve for Unemployment Insurance Expenditures	B-6	<u>50,730</u>	<u>40,972</u>
		<u>50,730</u>	<u>46,004</u>
LENGTH OF SERVICE AWARDS PROGRAM FUND (UNAUDITED)			
Reserve for Length of Service Awards Program	B	<u>1,996,908</u>	<u>1,676,065</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,847,052</u>	<u>\$ 3,286,688</u>

BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash	C-2, C-3	\$ 5,034,043	\$ 5,234,768
Grants Receivable	C-6	2,003,978	623,250
Deferred Charges to Future Taxation			
Funded	C-4	26,978,919	28,988,099
Unfunded	C-5	16,978,125	13,357,125
Cancelled Grant Receivable	C-7	27,188	54,188
Due from Current Fund	C-8	<u>1,039,825</u>	<u>962,721</u>
 Total Assets		 <u>\$ 52,062,078</u>	 <u>\$ 49,220,151</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-9	\$ 23,860,000	\$ 25,380,000
Pension Obligation Lease Payable	C-10	246,000	352,000
Bond Anticipation Notes	C-11	16,780,000	12,314,000
Green Trust Fund Loan Payable	C-14	75,451	86,217
Environmental Infrastructure Trust Loan Payable	C-15	2,797,468	3,169,882
Improvement Authorizations			
Funded	C-12	494,141	494,141
Unfunded	C-12	3,053,998	3,429,058
Contracts Payable	C-13	2,456,836	3,359,290
Reserve for Grants Receivable	C-6	1,632,641	251,913
Capital Improvement Fund	C-16	53,147	51,147
Reserve for Payment of Debt	C-17	99,000	99,000
Fund Balance	C-1	<u>513,396</u>	<u>233,503</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 52,062,078</u>	 <u>\$ 49,220,151</u>

There were bonds and notes authorized but not issued of \$213,625 and \$1,043,125 at December 31, 2021 and 2020, 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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Balance, January 1	\$ 233,503	\$ 280,882
Increased by:		
Premium on Sale of Bond Anticipation Notes	<u>304,893</u>	<u>147,621</u>
	<u>538,396</u>	<u>428,503</u>
Decreased by:		
Appropriated to Finance Improvement Authorizations	-	170,000
Anticipated as Revenue in Current Fund Budget	<u>25,000</u>	<u>25,000</u>
	<u>25,000</u>	<u>195,000</u>
Balance, December 31	<u><u>\$ 513,396</u></u>	<u><u>\$ 233,503</u></u>

**BOROUGH OF DUMONT
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
PUBLIC ASSISTANCE FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash	D-1	\$ <u>640</u>	\$ <u>640</u>
		<u>\$ 640</u>	<u>\$ 640</u>
LIABILITIES			
Reserve for Public Assisatance Expenditures	D-2	\$ <u>640</u>	\$ <u>640</u>
		<u>\$ 640</u>	<u>\$ 640</u>

**BOROUGH OF DUMONT
GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS
AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Land and Site Improvements	\$ 4,713,159	\$ 4,713,159
Buildings and Building Improvements	23,375,729	4,840,406
Construction in Progress	-	16,967,144
Machinery and Equipment	<u>10,881,497</u>	<u>10,831,176</u>
	<u>\$ 38,970,385</u>	<u>\$ 37,351,885</u>
FUND BALANCE		
Investment in General Fixed Assets	<u>\$ 38,970,385</u>	<u>\$ 37,351,885</u>

NOTES TO FINANCIAL STATEMENTS

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2020 balances to conform to the December 31, 2021 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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 2021 and 2020 the Borough Council increased the original budget by \$100,000 and \$8,185, respectively. The increase in 2021 was related to an emergency appropriation for expenses incurred from Tropical Storm IDA. The 2020 increase was related to additional aid allotted to the Borough. In addition, the governing body approved several budget transfers during 2021 and 2020.

B. Excess Expenditures Over Appropriations

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

	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>2021</u>			
Appropriation Reserves			
Joint Land Use Boards			
Salaries and Wages	\$ 1,600	\$ 2,000	\$ 400
Affordable Housing			
Salaries and Wages	-	2,000	2,000
	<u>\$ 1,600</u>	<u>\$ 4,000</u>	<u>\$ 2,400</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

<u>2020</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Current Fund			
2020 Budget Appropriations			
General Administration			
Salaries and Wages	\$ 286,939	\$ 291,233	\$ 4,294
Public Health Services			
Salaries and Wages	<u>76,469</u>	<u>76,720</u>	<u>251</u>
	<u>\$ 363,408</u>	<u>\$ 367,953</u>	<u>\$ 4,545</u>
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	<u>843</u>	<u>1,500</u>	<u>657</u>
	<u>\$ 6,751</u>	<u>\$ 20,050</u>	<u>\$ 13,299</u>

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

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, 2021 and 2020, the book value of the Borough's deposits were \$15,611,020 and \$13,317,405 and bank and brokerage firm balances of the Borough's deposits amounted to \$15,381,856 and \$13,828,178, respectively. The Borough's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2021</u>	<u>2020</u>
Insured	\$ 15,389,929	\$ 13,820,109
Uninsured and Collateralized	<u>8,073</u>	<u>8,069</u>
	<u>\$ 15,398,002</u>	<u>\$ 13,828,178</u>

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, 2021 and 2020, the Borough's bank balances of \$8,073 and \$8,069 were exposed to custodial credit risk as follows:

	<u>2021</u>	<u>2020</u>
Collateral Held by Borough's Agent in the Borough's Name	<u>\$ 8,073</u>	<u>\$ 8,069</u>

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2021 and 2020, the Borough had the following investments:

	<u>Fair Value</u>	
	<u>2021</u>	<u>2020</u>
Investment in Lincoln Financial (LOSAP-Unaudited)	\$ 1,961,508	\$ 1,636,465

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, 2021 and 2020, \$1,636,465 and \$1,471,378 of the Borough's investments was exposed to custodial credit risk as follows:

	<u>2021</u>	<u>2020</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the Borough's name (LOSAP - Unaudited)	\$ 1,961,508	\$ 1,636,465

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. 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 – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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, 2021 and 2020, the Borough's investment in Lincoln Financial Group was rated Baa1 by Moody's Investor Services.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Borough's investment in a single issuer. 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.

Fair Value of Investments. The Borough of Whatever measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the Borough at December 31, 2021 and 2020 are categorized as Level 2.

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 TAXES RECEIVABLE

Receivables at December 31, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
<u>Current</u>		
Property Taxes	\$ 439,139	\$ 535,592
Tax Title Liens	<u>9,069</u>	<u>8,663</u>
	<u>\$ 448,208</u>	<u>\$ 544,255</u>

In 2021 and 2020, the Borough collected \$535,592 and \$504,843 from delinquent taxes, which represented 98% of the prior year's delinquent taxes receivable balance.

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, 2021 and 2020 interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2021</u>		<u>2020</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 872,635	\$ 1,039,825	\$ 294,413	\$ 962,721
Trust Fund				
Other Trust Fund		857,623		282,358
Animal Control Fund		15,012		12,055
General Capital Fund	<u>1,039,825</u>	<u>-</u>	<u>962,721</u>	<u>-</u>
	<u>\$ 1,912,460</u>	<u>\$ 1,912,460</u>	<u>\$ 1,257,134</u>	<u>\$ 1,257,134</u>

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2021</u>			
Current Fund			
Overexpenditure of Appropriation Reserves	\$ <u>2,400</u>	\$ <u>2,400</u>	<u>-</u>
General Capital Fund			
Cancelled Grant Receivables	\$ <u>27,188</u>	\$ <u>27,188</u>	\$ <u>-</u>
<u>2020</u>			
Current Fund			
Overexpenditure of Appropriation	\$ 4,545	\$ 4,545	
Overexpenditure of Appropriation Reserves	<u>13,299</u>	<u>13,299</u>	<u>-</u>
	\$ <u>17,844</u>	\$ <u>17,844</u>	\$ <u>-</u>
General Capital Fund			
Cancelled Grant Receivables	\$ <u>54,188</u>	\$ <u>27,000</u>	\$ <u>27,188</u>

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:

	<u>2021</u>		<u>2020</u>	
	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31,</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,172,514	\$ 1,600,000	\$ 2,342,229	\$ 1,615,000
Non-Cash Surplus	<u>457,764</u>	<u>-</u>	<u>371,958</u>	<u>-</u>
	\$ <u>2,630,278</u>	\$ <u>1,600,000</u>	\$ <u>2,714,187</u>	\$ <u>1,615,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020.

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Transfers</u>	Balance, December 31, <u>2021</u>
Land and Site Improvements	\$ 4,713,159			\$ 4,713,159
Buildings and Building Improvements:	4,840,406	\$ 938,994	\$ 17,596,329	23,375,729
Construction in Progress	16,967,144	629,185	(17,596,329)	-
Machinery and Equipment	<u>10,831,176</u>	<u>50,321</u>	<u>-</u>	<u>10,881,497</u>
	<u>\$ 37,351,885</u>	<u>\$ 1,618,500</u>	<u>\$ -</u>	<u>\$ 38,970,385</u>
	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
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	<u>9,297,988</u>	<u>2,239,839</u>	<u>\$ 706,651</u>	<u>10,831,176</u>
	<u>\$ 23,598,451</u>	<u>\$ 14,460,085</u>	<u>\$ 706,651</u>	<u>\$ 37,351,885</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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:

	<u>2021</u>	<u>2020</u>
Issued		
General		
Bonds, Notes, Leases and Loans	\$ 43,758,919	\$ 41,302,099
Less Funds Temporarily Held to		
Pay Bonds and Notes	<u>114,500</u>	<u>99,000</u>
Net Debt Issued	43,644,419	41,203,099
Authorized But Not Issued		
General		
Bonds and Notes	<u>213,625</u>	<u>1,043,125</u>
Net Bonds and Notes Issued and Authorized		
But Not Issued	<u>\$ 43,858,044</u>	<u>\$ 42,246,224</u>

Statutory Net Debt

The statement of debt condition that follows indicates a statutory net debt of 1.95% and 1.95% at December 31, 2021 and 2020, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 43,972,544	\$ 360,500	\$ 43,612,044
School Debt	<u>5,115,000</u>	<u>5,115,000</u>	<u>-</u>
Total	<u>\$ 49,087,544</u>	<u>\$ 5,475,500</u>	<u>\$ 43,612,044</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 42,345,224	\$ 451,000	\$ 41,894,224
School Debt	<u>6,560,000</u>	<u>6,560,000</u>	<u>-</u>
Total	<u>\$ 48,905,224</u>	<u>\$ 7,011,000</u>	<u>\$ 41,894,224</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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:

	<u>2021</u>	<u>2020</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 78,238,226	\$ 75,240,699
Net Debt	<u>43,612,044</u>	<u>41,894,224</u>
Remaining Borrowing Power	<u>\$ 34,626,182</u>	<u>\$ 33,346,475</u>

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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
\$5,430,000, 2016 Refunding Bonds, due in annual installments of \$850,000 to \$1,060,000 through July 2025, interest at 3.00% to 4.00%	\$ 3,805,000	\$ 4,615,000
\$6,075,000, 2017 Bonds, due in annual installments of \$290,000 to \$445,000 through May 2035, interest at 2.50% to 3.00%	4,985,000	5,265,000
\$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%	<u>15,070,000</u>	<u>15,500,000</u>
	<u>\$ 23,860,000</u>	<u>\$ 25,380,000</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Green Trust Fund		
\$200,000, Bonds, due in semi-annual installments of \$5,356 to \$6,157 through 2028, interest at 2%	\$ 75,451	\$ 86,217
Total Green Trust Fund	<u>\$ 75,451</u>	<u>\$ 86,217</u>
Environmental Infrastructure Trust		
\$1,675,000 Trust Loan, due in annual installments of \$87,000 to \$112,000 through 2027, interest at 5.0%	\$ 601,000	\$ 688,000
\$1,572,000 Fund Loan, due in semi-annual installments of \$1,681 to \$80,765 through 2027 interest free	472,098	584,776
\$965,000 Trust Loan, due in annual installments of \$47,000 to \$67,000 through 2029, interest at 3.0% to 5.0%	476,000	523,000
\$2,850,000 Fund Loan, due in semi-annual installments of \$50,893 and \$101,786 through 2029, interest free	<u>1,248,370</u>	<u>1,374,106</u>
Total Environmental Infrastructure Trust	<u>2,797,468</u>	<u>3,169,882</u>
Total Intergovernmental Loans	<u>\$ 2,872,919</u>	<u>\$ 3,256,099</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021:

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2022	\$ 123,023
2023	<u>131,102</u>
Total. Minimum Lease Payments	254,125
Less: Amounts Representing Interest	<u>8,125</u>
Present Value of Net Minimum Lease Payments	<u>\$ 246,000</u>

The Borough's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

<u>Calendar</u> <u>Year</u>	<u>General Bonds</u>		<u>Intergovernmental Loans</u>				<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Environmental Infrastructure</u> <u>Principal</u>	<u>Interest</u>	<u>Green Trust</u> <u>Principal</u>	<u>Interest</u>	
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	775,000	466,538	404,378	21,270	11,891	544	1,679,621
2027-2031	4,320,000	2,007,800	848,478	21,480	18,287	367	7,216,412
2032-2036	4,765,000	1,372,788					6,137,788
2037-2041	3,815,000	808,263					4,623,263
2042-2045	<u>3,440,000</u>	<u>206,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,646,400</u>
Total	<u>\$ 23,860,000</u>	<u>\$ 7,303,615</u>	<u>\$ 2,797,468</u>	<u>\$ 198,930</u>	<u>\$ 75,451</u>	<u>\$ 5,386</u>	<u>\$ 34,240,850</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 were as follows:

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
General Capital Fund					
Bonds Payable	\$ 25,380,000		\$ 1,520,000	\$ 23,860,000	\$ 1,570,000
Intergovernmental Loans Payable	3,256,099		383,180	2,872,919	385,234
Pension Obligation Lease	<u>352,000</u>	<u>-</u>	<u>106,000</u>	<u>246,000</u>	<u>117,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 28,988,099</u>	<u>\$ -</u>	<u>\$ 2,009,180</u>	<u>\$ 26,978,919</u>	<u>\$ 2,072,234</u>
	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
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	<u>449,000</u>	<u>-</u>	<u>97,000</u>	<u>352,000</u>	<u>106,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 15,032,309</u>	<u>\$ 15,500,000</u>	<u>\$ 1,544,210</u>	<u>\$ 28,988,099</u>	<u>\$ 2,009,180</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The Borough's short-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

Bond Anticipation Notes

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Balance, December 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2021</u>
1519/1550	Various Improvements						
1556/1558		2.00%	4/2/2021	\$ 5,314,100		\$ 5,314,100	
		0.56%	6/3/2021	2,500,000		2,500,000	
		2.00%	6/2/2022		\$ 8,644,100		\$ 8,644,100
1549	Various Capital Improvements	2.00%	6/4/2021	1,858,900		1,858,900	
		2.00%	6/2/2022		1,858,900		1,858,900
1567	Various Capital Improvements	2.00%	6/4/2021	1,902,000		1,902,000	
		2.00%	6/2/2022		1,902,000		1,902,000
1579	Various Capital Improvements	0.56%	6/4/2021	739,000		739,000	
		2.00%	6/2/2022		739,000		739,000
1584	Sewer Line Repair	2.00%	6/2/2022		444,000		444,000
1586	Various Capital Improvements	2.00%	6/2/2022	-	3,192,000	-	3,192,000
				<u>\$ 12,314,000</u>	<u>\$ 16,780,000</u>	<u>\$ 12,314,000</u>	<u>\$ 16,780,000</u>

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 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
				<u>\$ 15,500,000</u>	<u>\$ 15,814,000</u>	<u>\$ 19,000,000</u>	<u>\$ 12,314,000</u>

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 the Borough had the following commitments with respect to unfinished capital projects:

	<u>Commitment</u>	<u>Estimated Date of Completion</u>
<u>2021</u>		
Municipal Complex	\$ 113,068	2022
Park Improvements	1,410,535	2022
Roadway Improvements	667,739	2022
<u>2020</u>		
Municipal Complex	\$ 3,061,961	2021
Cloud Scanning Document System	46,771	2021
Roadway Improvements	175,919	2021

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 \$4,838,742 and \$4,220,016 at December 31, 2021 and 2020, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability. As of December 31, 2021 and 2020, the Borough has reserved \$75,226 in the Other Trust Fund to fund compensated absences in accordance with NJSA 40A:4-39.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 and 2020 were as follows:

	Balance, December 31, 2020	Additions	Reductions	Balance, December 31, 2021	Due Within One Year
Compensated Absences	\$ 4,220,016	\$ 813,590	\$ 194,864	\$ 4,838,742	\$ 343,419
Net OPEB Liability (1)	12,745,326			12,745,326	
Net Pension Liability (1)					
PERS	7,687,483			7,687,483	
PFRS	16,038,826	-	-	16,038,826	-
	<u>\$ 40,691,651</u>	<u>\$ 813,590</u>	<u>\$ 194,864</u>	<u>\$ 41,310,377</u>	<u>\$ 343,419</u>
	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	8,357,926	4,387,400		12,745,326	
Net Pension Liability					
PERS	8,071,409		383,926	7,687,483	
PFRS	14,817,710	1,221,116	-	16,038,826	-
	<u>\$ 35,300,514</u>	<u>\$ 5,912,883</u>	<u>\$ 521,746</u>	<u>\$ 40,691,651</u>	<u>\$ 209,000</u>

- (1) GASB Statement Numbers 68 Pension and 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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 1/55th 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 1/60th 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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

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

Actuarial Methods and Assumptions

In the July 1, 2019 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 2021 and 2020 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee's annual compensation.

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 2021, 2020 and 2019 were equal to the required contributions.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Employer and Employee Pension Contributions (Contributions)

During the years ended December 31, 2021, 2020 and 2019, 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:

<u>Year Ending</u> <u>December 31,</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2021	\$ 1,408,696	\$ 547,819	\$ 2,479
2020	1,223,055	435,728	2,966
2019	1,153,876	442,615	3,065

In addition, for the years ended December 31, 2020 and 2019 the Borough contributed for long-term disability insurance premiums (LTDI) \$1,522 and \$1,170, for PERS. Due to favorable claims experience, no LTDI premium contribution was required for the year ended December 31, 2021.

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.

Under GASB Statement No. 68 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. 68 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2022-12 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 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. 68 financial information for the year ended December 31, 2021 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 year ended June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020, the Borough reported a liability of \$7,687,483 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2020, the pension system has determined the Borough's pension expense to be \$38,827, for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$435,728. At December 31, 2020, 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	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 139,976	\$ 27,186
Changes of Assumptions	249,391	3,218,822
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	262,764	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>547,638</u>	<u>430,172</u>
Total	<u>\$ 1,199,769</u>	<u>\$ 3,676,180</u>

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:

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

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.

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, as reported for the year ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was 7.00% for calendar year 2020 with a measurement date of June 30, 2020.

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return	All Periods
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BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
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Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PERS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, 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% or 1-percentage-point higher 8.00% than the current rate:

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

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

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 the Borough reported a liability of \$16,038,826 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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 increase of .00305 percent from its proportionate share measured as of June 30, 2019 of .12108 percent.

For the year ended December 31, 2020, the pension system has determined the Borough pension expense (benefit) to be \$739,390 for PFRS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$1,223,055. At December 31, 2020, 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	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 161,699	\$ 57,561
Changes of Assumptions	40,362	4,299,913
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	940,431	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>722,801</u>	<u>909,521</u>
Total	<u>\$ 1,865,293</u>	<u>\$ 5,266,995</u>

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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:

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

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

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.

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, as reported for the year ended December 31, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was 7.00% for calendar year 2020 with a measurement date of June 30, 2020.

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return

All Periods

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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)

Sensitivity of Net Pension Liability

The following presents the Borough's proportionate share of the PFRS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00% 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% or 1-percentage-point higher 8.00% than the current rate:

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

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

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 nonemployee 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, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$2,489,153. For the year ended December 31, 2020, 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, which is more than the actual contribution the State made on behalf of the Borough of \$191,539. 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.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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. 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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 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 \$292.4 million and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

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, 2021, 2020 and 2019 were \$434,814, \$307,827 and \$249,345, 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, 2021, 2020 and 2019 were \$19,064, \$17,178 and \$14,548, respectively.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2022-12 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, 2021 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, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2020, the Borough reported a liability of \$12,745,326, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2020. As of the measurement date of June 30, 2020 the Borough's proportionate share was .07102 percent, which was an increase of .00932 percent from its proportionate share measured as of June 30, 2019 of .06170 percent.

For the year ended December 31, 2020, the Plan has determined the Borough's OPEB expense to be \$320,752, based on the actuarial valuation which is more than the actual contributions reported in the Borough's financial statements of \$307,827. At December 31, 2020, 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:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 335,702	\$ 2,373,417
Changes of Assumptions	1,906,300	2,834,364
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	8,094	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	1,989,860	503,110
Total	\$ 4,239,956	\$ 5,710,891

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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, 2020 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:

<u>Year</u> <u>Ending</u> <u>December 31,</u>	<u>Total</u>
2022	\$ (213,264)
2023	(213,264)
2024	(213,264)
2025	(213,266)
2026	(215,288)
Thereafter	<u>(402,589)</u>
	<u>\$ (1,470,935)</u>

Actuarial Assumptions

The Borough's total OPEB 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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

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 Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 Mortality Table with fully generational
mortality improvement projections from the central
year using Scale MP-2020.

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

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was 2.21% for calendar year 2020 with a measurement date of June 30, 2020.

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

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 net OPEB liability as of December 31, 2020 calculated using the discount rate of 2.21%, 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 1.21% or 1-percentage-point higher 3.21% than the current rate:

<u>2020</u>	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 15,067,668</u>	<u>\$ 12,745,326</u>	<u>\$ 10,906,981</u>

The sensitivity analysis was based on the proportionate share of the Borough's net OPEB liability at December 31, 2020. 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 net OPEB liability as of December 31, 2020 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:

<u>2020</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 10,546,770</u>	<u>\$ 12,745,326</u>	<u>\$ 15,624,365</u>

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

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 (Continued)

At December 31, 2020, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$9,893,050. For the year ended December 31, 2020 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$492,478. At December 31, 2020, (measurement date June 30, 2020), the State's share of the OPEB liability attributable to the Borough was .18112 percent, which was an increase of .02346 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .15766 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.

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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 14 RISK MANAGEMENT (Continued)

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:

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Appropriations</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2021	\$ -	\$ 11,076	\$ 1,318	\$ 50,730
2020	10,000	11,590	18,485	40,972
2019	28,000	11,282	32,602	37,867

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, 2021 and 2020. 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, 2021 and 2020, the Borough reserved \$173,376 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, 2021 and 2020, 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, 2021 and 2020, the Borough has not estimated its estimated arbitrage earnings due to the IRS, if any.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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

The Borough of Dumont Length of Service Awards 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 Awards 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 \$35,400 and \$39,600 for 2021 and 2020, 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.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2021 and 2020, 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, 2021 and 2020 the Borough abated property taxes totaling \$565,025 and \$549,671, respectively, under the NJHMFA program. The Borough received \$19,388 and \$39,667 in PILOT payments under this program for the years ended December 31, 2021 and 2020, 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 owned 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 begins 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, 2021 and 2020 the Borough abated property taxes totaling \$7,415 and \$7,214, respectively, under this law. The Borough received \$15,000 and \$15,000 in PILOT payments under this program for the years ended December 31, 2021 and 2020, 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 Market 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.

For the year ended December 31, 2021 the Borough abated property taxes totaling \$166,144. In 2021, the Borough collected \$399,296 for 2021 PILOT bills and \$99,882 for the 2019 and 2020 PILOT bills.

**BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 19 SUBSEQUENT EVENTS

Debt Authorized

On April 7, 2022 the Borough adopted a bond ordinance appropriating \$2,606,500 and authorizing the issuance of \$2,537,500 in bonds or bond anticipation notes to fund various capital improvements. As of the date of this report the Borough has issued \$1,797,958 of bonds to fund this ordinance.

On July 20, 2022 the Borough adopted a bond ordinance appropriating \$1,272,000 and authorizing the issuance of \$1,208,500 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the Borough has not issued bond anticipation notes to temporarily fund this ordinance.

Serial Bonds

On May 1, 2022, the Borough issued General Improvement Bonds totaling \$18,580,000 for the purpose of funding various capital improvements. The sale of the bonds was awarded to Roosevelt & Cross Inc. and Associates at interest rates of 4.00%-4.25%. The bonds will mature over 28 years with the first maturity due May 1, 2023.

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. 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 declared a public health emergency on March 9, 2020 and 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.

On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 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.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

BOROUGH OF DUMONT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 20 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The Borough of Dumont's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the Borough of Dumont's primary revenue source for supporting its budget. The Borough of Dumont cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support Borough functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the Borough. However, as of the date of audit, even though the Borough finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the Borough have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the Borough cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Borough and its economy. The Borough is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Borough.

The Borough will receive \$1,833,374 from the Plan in two equal payments. On May 24, 2021, the Borough received its first installment of funds under the Plan in the amount of \$916,687. The Borough utilized this first installment in the 2022 budget to replace lost public sector revenue. The Borough has not yet determined how it will spend the second installment to be received. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

**BOROUGH OF DUMONT
STATEMENT OF CASH**

Balance, December 31, 2020		\$ 6,471,413
Increased by Receipts:		
Taxes Receivable	\$ 64,905,940	
Revenue Accounts Receivable	2,760,247	
Non Budget Revenue	404,914	
Prepaid Taxes	342,749	
Unappropriated Grant Reserves	971,210	
Miscellaneous Reserves	349,570	
Tax Overpayments	15,185	
Senior Citizens' and Veterans' Deductions	106,500	
Receipts from Dixon Homestead Library	<u>323,431</u>	
		<u>70,179,746</u>
		76,651,159
Decreased by Disbursements:		
Budget Appropriations	22,615,732	
Appropriation Reserves	1,056,952	
Encumbrances Payable	71,254	
Tax Overpayments	15,211	
County Taxes	5,640,716	
Local District School Taxes	38,630,443	
Miscellaneous Reserves	86,433	
Payments Made On Behalf Of Library	337,544	
Appropriated Grant Reserves	12,798	
Trust Fund Expenditures Paid by Current Fund	425,265	
Refund of Prior Year Revenue	<u>33,293</u>	
		<u>68,925,641</u>
Balance, December 31, 2021		<u><u>\$ 7,725,518</u></u>

**BOROUGH OF DUMONT
STATEMENT OF PETTY CASH FUNDS**

<u>Office</u>	Balance, December 31, <u>2020</u>	Balance, December 31, <u>2021</u>
Finance Department	\$ <u>400</u>	\$ <u>400</u>

STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2020</u>	Balance, December 31, <u>2021</u>
Bergen County ADA Handicap Ramp Grant	\$ 340,207	\$ 340,207
Bergen County Census Grant	<u>5,000</u>	<u>5,000</u>
	<u>\$ 345,207</u>	<u>\$ 345,207</u>

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

Balance, December 31, 2020		\$ 8,907
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billing	\$ 106,750	
Deductions Allowed by Tax Collector	<u>2,000</u>	
		<u>108,750</u>
		117,657
Decreased by:		
Deductions Disallowed by Tax Collector	1,000	
Cash Receipts	<u>106,500</u>	
		<u>107,500</u>
Balance, December 31, 2021		<u>\$ 10,157</u>

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

Year	Balance, December 31, 2020	Levy	Senior Citizens' and Veterans' Deductions Disallowed	<u>Collections</u>		Senior Citizens' and Veterans' Deductions Allowed	Tax Overpayments Applied	Cancelled	Transferred to Tax Title Lien	Balance, December 31, 2021
2020	\$ 535,592				\$ 535,592					
2021	-	\$ 65,417,969	\$ 1,000	\$ 389,266	64,370,348	\$ 108,750	\$ 35,007	\$ 76,053	\$ 406	\$ 439,139
	<u>\$ 535,592</u>	<u>\$ 65,417,969</u>	<u>\$ 1,000</u>	<u>\$ 389,266</u>	<u>\$ 64,905,940</u>	<u>\$ 108,750</u>	<u>\$ 35,007</u>	<u>\$ 76,053</u>	<u>\$ 406</u>	<u>\$ 439,139</u>

Analysis of Property Tax Levy

TAX YIELD

General Property Tax	
Real Property Tax	\$ 65,351,448
Added Taxes	<u>66,521</u>
	<u>\$ 65,417,969</u>

TAX LEVY

Local School Tax	\$ 38,630,443
County Taxes	5,406,737
County Open Space	223,975
Due County for Added Taxes	<u>5,750</u>
	44,266,905
Local Tax for Municipal Purposes	20,331,261
Local Tax For Free Public Library	745,415
Add Additional Tax Levied	<u>74,388</u>
	21,151,064
	<u>\$ 65,417,969</u>

BOROUGH OF DUMONT
STATEMENT OF TAX TITLE LIENS RECEIVABLE

Balance, December 31, 2020	\$ 8,663
Increased by:	
Transferred from Taxes Receivable	<u>406</u>
Balance, December 31, 2021	<u>\$ 9,069</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2020	<u>\$ 79,526</u>
Balance, December 31, 2021	<u>\$ 79,526</u>

STATEMENT OF DEFERRED CHARGES

	Balance, December 31, <u>2020</u>	Increase <u>in 2021</u>	Budget <u>Appropriation</u>	Balance, December 31, <u>2021</u>
Overexpenditure of Appropriations	\$ 4,545	-	\$ 4,545	-
Overexpenditure of Appropriation Reserves	13,299	\$ 2,400	13,299	\$ 2,400
Emergency Authorization	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 17,844</u>	<u>\$ 102,400</u>	<u>\$ 17,844</u>	<u>\$ 102,400</u>

BOROUGH OF DUMONT
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2020</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2021</u>
Licenses				
Alcoholic Beverages		\$ 14,838	\$ 14,838	
Board of Health		240	240	
Borough Clerk		3,521	3,521	
Fees and Permits				
Construction		288,668	288,668	
Board of Health		19,100	19,100	
Borough Clerk		12,880	12,880	
Fire Prevention		18,300	18,300	
Planning and Zoning		15,480	15,480	
Recreation		50,000	50,000	
Police		1,036	1,036	
Construction Code				
Fines and Costs - Municipal Court	\$ 1,213	40,544	39,795	\$ 1,962
Interest and Cost on Taxes		126,215	126,215	
Interest on Investments and Deposits		31,688	31,688	
Energy Receipts Tax		1,355,252	1,355,252	
Life Hazard Use Fees		14,074	14,074	
Fire Inspections		31,429	31,429	
PILOT - Senior Citizens Club		15,000	15,000	
PILOT - Washington Promenade		499,178	499,178	
Cable Television Franchise Fees	-	223,553	223,553	-
	<u>\$ 1,213</u>	<u>\$ 2,760,996</u>	<u>\$ 2,760,247</u>	<u>\$ 1,962</u>

BOROUGH OF DUMONT
STATEMENT OF APPROPRIATION RESERVES

	Balance December 31, <u>2020</u>	Encumbrances Restored to Appropriation <u>Reserves</u>	Budget After Transfer or <u>Modification</u>	Paid or <u>Charged</u>	<u>Overexpended</u>	Balance <u>Lapsed</u>
Salaries and Wages						
Financial Administration	\$ 7,750		\$ 7,750			\$ 7,750
Collection of Taxes	5,575		5,575			5,575
Planning Board/Zoning Board	1,600		(400)		\$ 400	
Affordable Housing	-		(2,000)		2,000	
Rent Leveling Board	990		990			990
Life Hazard Use Fees	1,481		1,481			1,481
Police Department	107,230		7,230	\$ (3,645)		10,875
Emergency Management	100		100			100
Municipal Prosecutor	100		100			100
Streets and Roads	55,345		20,345			20,345
Public Buildings and Grounds	17,146		7,146	275		6,871
Stigma Free	1,000		1,000			1,000
Senior Citizens	7,380		7,380			7,380
Parks and Playgrounds	17,046		17,046			17,046
Salary Adjustments	5,000		5,000			5,000
Public Defender	1,000		1,000			1,000
Municipal Court	1,605		1,605			1,605
Code Enforcement & Administration	15,400		15,400	-		15,400
Other Expenses						
General Administration / Mayor / Clerk						
Other Expenses	43,273	\$ 20,530	27,803	21,334		6,469
Postage	3,978	26	1,004	26		978
Elections	3,332		332			332
Financial Administration / Audit	49,155	92,964	141,119	99,669		41,450
Assessment of Taxes	4,224		224			224
Collection of Taxes	1,934	378	1,312	378		934
Legal Services and Costs						
Borough Attorney	12,177	5,560	17,737	12,787		4,950
Special Counsel	19,656	2,709	22,365	16,883		5,482
Engineering	33,167		33,167	10,900		22,267
Planning Board/Zoning Board	10,798	3,857	6,655	6,124		531
Affordable Housing	-		20,000	20,000		-
Rent Leveling Board	55		55			55
Economic Development	4,420		420			420
Fire Department						
Other Expenses	10,649	42,360	53,009	51,608		1,401
Life Hazard Use Fees	4,641	155	4,796	155		4,641
Fire Hydrant Services	21,677		21,677	14,393		7,284
Police	29,925	19,863	54,788	53,617		1,171
Police Reserves	4,250		1,250			1,250
Emergency Management	3,871		3,871			3,871
Streets and Roads	1,286	40,733	50,019	46,752		3,267
Garbage and Trash Removal	1,937	193,661	374,598	307,221		67,377
Sewer System	7,646		7,646	2,117		5,529
Shade Tree	2,433	418	2,851	418		2,433
Public Buildings and Grounds	40,348	9,699	50,047	13,584		36,463
Board of Health	2,985	29,305	32,290	29,261		3,029
Stigma Free	6,330		6,330			6,330
Animal Shelter	631	12,934	13,565	12,934		631

BOROUGH OF DUMONT
STATEMENT OF APPROPRIATION RESERVES

	Balance December 31, <u>2020</u>	Encumbrances Restored to Appropriation Reserves	Budget After Transfer or Modification	Paid or Charged	Overexpended	Balance Lapsed
Other Expenses (Continued)						
Environmental Commission	-	\$ 196	\$ 196	\$ 196		-
Senior Citizens	\$ 3,817	5,327	9,144	6,114		\$ 3,030
Parks and Playgrounds	20,552	4,337	24,889	4,519		20,370
Celebration of Public Events	28,582	149	28,731	1,878		26,853
Utilities						
Electricity	75,820		75,820	35,471		40,349
Street Lighting	42,290		42,290	42,290		0
Telephone	35,063		35,063	4,463		30,600
Gasoline	50,031	27,679	77,710	26,743		50,967
Water	12,172		12,172	2,859		9,313
Municipal Court	512	771	1,283	840		443
Code Enforcement & Administration	5,484	830	6,314	2,333		3,981
Insurance						
Unemployment Insurance	-		10,000			10,000
General Liability	16,332		16,332			16,332
Workers Compensation	500		500			500
Employee Group Health	149,265	260,444	405,709	261,742		143,967
Health Benefit Waiver	7,254		1,254			1,254
Social Security System (O.A.S.I.)	48,274		48,274			48,274
DCRP	534		534			534
Bergen County Utilities Authority	1,001		1,001			1,001
LOSAP	10,400	39,600	50,000	50,000		-
Police Body Armor	1,414		1,414	1,414		-
Recycling Tonnage Grant	9,161	2,548	11,709	11,709		-
Census Grant	1,060		1,060	1,060		-
Bulletproof Vest Partnership	3,185		3,185	3,185		-
Clean Communities	18,205	6,503	24,708	24,708	-	-
	<u>\$ 1,111,434</u>	<u>\$ 823,536</u>	<u>\$ 1,934,970</u>	<u>\$ 1,198,315</u>	<u>\$ 2,400</u>	<u>\$ 739,055</u>

Cash Disbursements	\$ 1,056,952
Accounts Payable	126,543
Appropriated Grants	14,820
	<u>\$ 1,198,315</u>

**BOROUGH OF DUMONT
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2020		\$ 894,790
Increased by:		
Transfer from 2021 Budget Appropriations		<u>1,144,299</u>
		2,039,089
Decreased by:		
Cash Disbursements	\$ 71,254	
Encumbrances Restored to Appropriation Reserves	<u>823,536</u>	
		<u>894,790</u>
Balance, December 31, 2021		<u><u>\$ 1,144,299</u></u>

STATEMENT OF ACCOUNTS PAYABLE

Increased by:		
Transfer from Appropriation Reserves		<u>\$ 126,543</u>
Balance, December 31, 2021		<u><u>\$ 126,543</u></u>

**BOROUGH OF DUMONT
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2020</u>	<u>Receipts</u>	<u>Disbursed</u>	Balance, December 31, <u>2021</u>
Tax Sale Premium	\$ 320,700	\$ 336,700		\$ 657,400
Redemption of Tax Sale Certificates	68,956		\$ 68,956	-
Tax Appeals	173,376			173,376
DCA Fees	7,186	12,445	17,152	2,479
Marriage Licenses	<u>275</u>	<u>425</u>	<u>325</u>	<u>375</u>
	<u>\$ 570,493</u>	<u>\$ 349,570</u>	<u>\$ 86,433</u>	<u>\$ 833,630</u>

EXHIBIT A-17

STATEMENT OF PREPAID TAXES

Balance, December 31, 2020	\$ 389,266
Increased by:	
Collection of 2022 Taxes	<u>342,749</u>
	732,015
Decreased by:	
Application to 2021 Taxes Receivable	<u>389,266</u>
Balance, December 31, 2021	<u>\$ 342,749</u>

EXHIBIT A-18

STATEMENT OF TAX OVERPAYMENTS

Balance, December 31, 2020	\$ 93,356
Increased by:	
Cash Receipts	<u>15,185</u>
	108,541
Decreased by:	
Overpayments Applied to Taxes Receivable	\$ 35,007
Cash Disbursements	<u>15,211</u>
	<u>50,218</u>
Balance, December 31, 2021	<u>\$ 58,323</u>

**BOROUGH OF DUMONT
STATEMENT OF LOCAL SCHOOL DISTRICT TAX PAYABLE**

Increased by:	
Levy - Calendar Year	\$ 38,630,443
Decreased by:	
Payments	<u>\$ 38,630,443</u>

EXHIBIT A-20

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2020	\$ 4,254
Increased by:	
2021 Levy	\$ 5,406,737
2021 County Open Space	223,975
Added Taxes	<u>5,750</u>
	<u>5,636,462</u>
	5,640,716
Decreased by:	
Payments	<u>\$ 5,640,716</u>

EXHIBIT A-21

SCHEDULE OF APPROPRIATED GRANT RESERVES

	Balance, December 31, <u>2020</u>	Transfer from Appropriation <u>Reserves</u>	<u>Expended</u>	Balance, December 31, <u>2021</u>
Clean Communities Grant	\$ 23,917		\$ 4,984	\$ 18,933
Alcohol Education and Rehabilitation Fund	3,076		700	2,376
Distracted Driving	5,500			5,500
Police Body Armor	2,322	\$ 1,414		3,736
Bulletproof Vest Partnership		3,185		3,185
BC Census Grant		1,060		1,060
Recycling Tonnage Grant	<u>31,773</u>	<u>9,161</u>	<u>7,114</u>	<u>33,820</u>
	<u>\$ 66,588</u>	<u>\$ 14,820</u>	<u>\$ 12,798</u>	<u>\$ 68,610</u>

BOROUGH OF DUMONT
STATEMENT OF UNAPPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2020</u>	<u>Receipts</u>	Realized as Budget <u>Revenue</u>	Balance, December 31, <u>2021</u>
Recycling Tonnage		\$ 20,508		\$ 20,508
Police Body Armor Fund	\$ 3,997	2,464	\$ 3,997	2,464
Equitable Sharing Program (DEA)	3,320			3,320
American Rescue Plan (ARP)		916,687		916,687
Clean Communities Grant	<u>29,640</u>	<u>31,551</u>	<u>29,640</u>	<u>31,551</u>
	<u>\$ 36,957</u>	<u>\$ 971,210</u>	<u>\$ 33,637</u>	<u>\$ 974,530</u>

STATEMENT OF DUE FROM DIXON HOMESTEAD LIBRARY

Increased by:	
Library Expenditures Paid by Current Fund	\$ 337,544
Decreased by:	
Receipts from Dixon Homestead Library	<u>323,431</u>
Balance, December 31, 2021	<u>\$ 14,113</u>

TRUST FUNDS

**BOROUGH OF DUMONT
STATEMENT OF TRUST CASH**

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, December 31, 2020	\$ 17,956	\$ 1,546,663	\$ 45,290
Increased by Receipts:			
Escrow Deposits		\$ 9,863	
Miscellaneous Reserves		1,491,063	
License Fees Collected	\$ 2,535		
Receipts from Payroll Service Provider			\$ 714
Due to State of New Jersey	506		
Payroll and Payroll Deductions	<u>-</u>	<u>9,067,208</u>	<u>11,076</u>
	<u>3,041</u>	<u>10,568,134</u>	<u>11,790</u>
	20,997	12,114,797	57,080
Decreased by Disbursements:			
Expenditures Under R.S. 4:19-15.11	48		
Payments to State of NJ	506		6,350
Payroll and Payroll Deductions Payable		9,071,902	
Escrow Deposits		47,140	
Miscellaneous Reserves	<u>-</u>	<u>216,784</u>	<u>-</u>
	<u>554</u>	<u>9,335,826</u>	<u>6,350</u>
Balance, December 31, 2021	<u>\$ 20,443</u>	<u>\$ 2,778,971</u>	<u>\$ 50,730</u>

BOROUGH OF DUMONT
STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance, December 31, 2020		\$ 5,741
Increased by:		
Animal Control Fees		<u>2,535</u>
		8,276
Decreased by:		
Cash Disbursements	\$ 48	
Statutory Excess Due to Current Fund	<u>2,957</u>	
		<u>3,005</u>
Balance, December 31, 2021		<u><u>\$ 5,271</u></u>

EXHIBIT B-3

STATEMENT OF DUE TO STATE OF NEW JERSEY
DOG REGULATION FEES

Balance, December 31, 2020		\$ 160
Increased by:		
Registration Fees - Due State of New Jersey		<u>506</u>
		666
Decreased by:		
Payments		<u>506</u>
Balance, December 31, 2021		<u><u>\$ 160</u></u>

EXHIBIT B-4

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND

Balance, December 31, 2020		\$ 12,055
Increased by:		
Statutory Excess		<u>2,957</u>
Balance, December 31, 2021		<u><u>\$ 15,012</u></u>

**BOROUGH OF DUMONT
STATEMENT OF ESCROW DEPOSITS**

Balance, December 31, 2020	\$ 96,899
Increased by:	
Cash Receipts	<u>9,863</u>
	106,762
Decreased by:	
Cash Disbursements	<u>47,140</u>
Balance, December 31, 2021	<u><u>\$ 59,622</u></u>

STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE EXPENDITURES

Balance, December 31, 2020	\$ 40,972
Increased by:	
Payroll Deductions	<u>11,076</u>
	-
	52,048
Decreased by:	
Unemployment Insurance Claims	<u>1,318</u>
Balance, December 31, 2021	<u><u>\$ 50,730</u></u>

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, December 31, 2020	\$ 282,358
Increased by:	
Trust Fund Expenditures Paid by Current Fund	\$ 425,265
Anticipated as Revenue in Current Fund Budget	
Police Outside Services	<u>150,000</u>
	<u>575,265</u>
Balance, December 31, 2021	<u><u>\$ 857,623</u></u>

**BOROUGH OF DUMONT
STATEMENT OF MISCELLANEOUS RESERVES**

	Balance, December 31, <u>2020</u>	<u>Receipts</u>	<u>Decreased</u>	Balance, December 31, <u>2021</u>
Fire Prevention Fees	\$ 1,109			\$ 1,109
Recreation Commission	165,775	\$ 264,678	\$ 208,159	222,294
Tax Sale Premiums	200			200
Street Openings	20,113	4,855		24,968
Maintenance Bond	11,155			11,155
POAA	8,060	424		8,484
Affordable Housing (COAH)	25,076	17,886	1,681	41,281
Drug and Alcohol	12,695			12,695
Police Outside Services	710,824	799,285	574,341	935,768
Police Donations	676	910		1,586
Shade Tree	26,613	5,025		31,638
Senior Citizen Donation		398,000	7,868	390,132
Accumulated Leave	75,226			75,226
Storm Emergency	42,677	-	-	42,677
	<u>\$ 1,100,199</u>	<u>\$ 1,491,063</u>	<u>\$ 792,049</u>	<u>\$ 1,799,213</u>

Cash Disbursements	\$ 216,784
Due To Current Fund	<u>575,265</u>
	<u>\$ 792,049</u>

STATEMENT OF PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2020	\$ 67,207
Increased by:	
Cash Receipts	<u>9,067,208</u>
	9,134,415
Decreased by:	
Cash Disbursements	<u>9,071,902</u>
Balance, December 31, 2021	<u>\$ 62,513</u>

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

Balance, December 31, 2020	\$ 5,032
Increased by:	
Unemployment Claims Due to State of New Jersey	<u>1,318</u>
	6,350
Decreased by:	
Unemployment Insurance Claims Payments	<u>6,350</u>
Balance, December 31, 2021	<u>\$ -</u>

STATEMENT OF DUE FROM PAYROLL SERVICE PROVIDER

Balance, December 31, 2020	\$ 714
Decreased by:	
Receipts from Payroll Service Provider	<u>714</u>
Balance, December 31, 2021	<u>\$ -</u>

GENERAL CAPITAL FUND

**BOROUGH OF DUMONT
STATEMENT OF GENERAL CAPITAL CASH**

Balance, December 31, 2020		\$ 5,234,768
Increased by Receipts:		
Bond Anticipation Notes Issued	\$ 4,466,000	
Premium on Sale of Bond Anticipation Notes	<u>304,893</u>	
		<u>4,770,893</u>
		10,005,661
Decreased by:		
Improvement Authorizations	4,946,514	
Current Fund Expenditures Paid by General Capital Fund	<u>25,104</u>	
		<u>4,971,618</u>
Balance, December 31, 2021		<u><u>\$ 5,034,043</u></u>

**BOROUGH OF DUMONT
ANALYSIS OF GENERAL CAPITAL CASH
AS OF DECEMBER 31, 2021**

Fund Balance	\$ 513,396
Contracts Payable	2,456,836
Grants Receivable	(371,337)
Due From Current Fund	(1,039,825)
Deferred Charges - Cancelled Grant Receivable	(27,188)
Capital Improvement Fund	53,147
Reserve for Payment of Debt	99,000
Excess Note Proceeds	15,500

Improvement Authorizations:

<u>Ord. No.</u>	<u>Improvement Description</u>	
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	56,353
1523	Sewerage System Improvements	8,485
1526	Various Equipment and Improvements	11,788
1527	Various Equipment and Improvements	3,388
1549	Various Capital Improvements	1,326,124
1567/1571	Various Capital Improvements	587,728
1579	Various Capital Improvements	301,360
1586	Various Capital Improvements	781,345
		<u>\$ 5,034,043</u>

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

Balance, December 31, 2020		\$ 28,988,099
Decreased by:		
Budget Appropriations		
Serial Bonds	\$ 1,520,000	
Green Trust Loans	10,766	
NJEIT Loan Payable	372,414	
Pension Obligation Lease	<u>106,000</u>	
		<u>2,009,180</u>
Balance, December 31, 2021		<u>\$ 26,978,919</u>

[illegible]

**BOROUGH OF DUMONT
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2020</u>	<u>Grant Awards</u>	<u>Grants Received</u>	Balance, December 31, <u>2021</u>
Community Development				
Ord. No. 1493 Various Improvements to Locust Avenue and Brook Street	\$ 31,913			\$ 31,913
Ord. No. 1586 Various Improvements (Gina's Field)		\$ 98,430		98,430
State of New Jersey				
Ord. No. 1586 Various Improvements (Gina's Field)		496,458		496,458
Department of Transportation				
Ord. No. 1498 Improvements to Johnson Avenue	36,274			36,274
Ord. No. 1586 Various Improvements (Grant Ave)		434,000		434,000
Housing and Urban Development				
Ord. No. 1549 Various Capital Improvements	78,588			78,588
Bergen County Open Space Trust Fund				
Ord. No. 1549 Various Capital Improvements	156,725			156,725
Ord. No. 1586 Various Improvements (Gina's Field)		64,382		64,382
Ord. No. 1586 Various Improvements (Veteran's Memorial Park)		287,458		287,458
Department of Transportation				
Ord. No. 1571 Improvements to Delong Avenue	99,750			99,750
Department of Transportation				
Ord. No. 1579 Various Capital Improvements	<u>220,000</u>	<u>-</u>	<u>-</u>	<u>220,000</u>
	<u>\$ 623,250</u>	<u>\$ 1,380,728</u>	<u>\$ -</u>	<u>\$ 2,003,978</u>
		Reserve for Receivable Pledged to Ordinance		\$ 371,337 <u>1,632,641</u>
				<u>\$ 2,003,978</u>

EXHIBIT C-7

STATEMENT OF DEFERRED CHARGES UNFUNDED - CANCELLED GRANT RECEIVABLES

Balance, December 31, 2020	\$ 54,188
Decreased by Budget Appropriation	<u>27,000</u>
Balance, December 31, 2021	<u>\$ 27,188</u>

BOROUGH OF DUMONT
STATEMENT OF DUE FROM CURRENT FUND

Balance, December 31, 2020		\$ 962,721
Increased by:		
Current Fund Expenditures Paid by General Capital Fund	\$ 25,104	
Current Fund Budget Appropriation		
Deferred Charges to Future Taxation	27,000	
Capital Improvement Fund	<u>50,000</u>	
		<u>102,104</u>
		1,064,825
Decreased by:		
Anticipated as Revenue in Current Fund		
General Capital Surplus		<u>25,000</u>
Balance, December 31, 2021		<u><u>\$ 1,039,825</u></u>

BOROUGH OF DUMONT
STATEMENT OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2021</u>
			<u>Date</u>	<u>Amount</u>					
2016 Refunding Bonds	7/15/2016	\$ 5,430,000	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%	\$ 4,615,000		\$ 810,000	\$ 3,805,000
General Obligation Bonds	5/23/2017	6,075,000	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%	5,265,000		280,000	4,985,000
General Obligation Bonds	5/8/2020	15,500,000	5/1/2022-24	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	\$ -	430,000	15,070,000
						<u>\$ 25,380,000</u>	<u>\$ -</u>	<u>\$ 1,520,000</u>	<u>\$ 23,860,000</u>

BOROUGH OF DUMONT
SCHEDULE OF PENSION OBLIGATION LEASE PAYABLE

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Leases Outstanding December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2020</u>	<u>Decreased</u>	<u>Balance, December 31, 2021</u>
			<u>Date</u>	<u>Amount</u>				
Refunding - Unfunded Pension Obligation	3/15/2012	\$ 882,000	3/15/2022	\$ 117,000	3.11%			
			3/15/2023	129,000	3.26%	<u>\$ 352,000</u>	<u>\$ 106,000</u>	<u>\$ 246,000</u>
						<u>\$ 352,000</u>	<u>\$ 106,000</u>	<u>\$ 246,000</u>

STATEMENT OF BOND ANTICIPATION NOTES

88	Ord.	Improvement Description	Date of	Date of	Date of	Interest	Balance,		Balance,	
	No.		Original				Issue	Maturity	Rate	December 31,
			Note				2021			2021
	1519/1550/1556/ 1558/1578	Various Capital Improvements	6/4/2020	6/4/2020	6/3/2021	2.00%	\$ 5,314,100		\$ 5,314,100	
			9/23/2020	9/23/2020	6/3/2021	0.56%	2,500,000		2,500,000	
				6/3/2021	6/2/2022	2.00%		\$ 8,644,100	\$ 8,644,100	
	1549	Various Capital Improvements	6/4/2020	6/4/2020	6/3/2021	2.00%	1,858,900		1,858,900	
				6/3/2021	6/2/2022	2.00%		1,858,900		1,858,900
	1567	Various Capital Improvements	6/4/2020	6/4/2020	6/3/2021	2.00%	1,902,000		1,902,000	
				6/3/2021	6/2/2022	2.00%		1,902,000		1,902,000
	1579	Various Capital Improvements	9/23/2020	9/23/2020	6/3/2021	0.56%	739,000		739,000	
				6/3/2021	6/2/2022	2.00%		739,000		739,000
	1584	Sewer Line Repair	6/3/2021	6/3/2021	6/2/2022	2.00%		444,000		444,000
1586	Various Capital Improvements	6/3/2021	6/3/2021	6/2/2022	2.00%	-	3,192,000	-	3,192,000	
						<u>\$ 12,314,000</u>	<u>\$ 16,780,000</u>	<u>\$ 12,314,000</u>	<u>\$ 16,780,000</u>	
					Renewals		\$ 12,314,000	\$ 12,314,000		
					Bond Anticipation Notes Issued		<u>4,466,000</u>	<u>-</u>		
							<u>\$ 16,780,000</u>	<u>\$ 12,314,000</u>		

**BOROUGH OF DUMONT
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2020	\$ 3,359,290
Increased by:	
Charges to Improvement Authorizations	<u>2,432,952</u>
	5,792,242
Decreased by:	
Payables Restored to Improvement Authorizations	<u>3,335,406</u>
Balance, December 31, 2021	<u>\$ 2,456,836</u>

EXHIBIT C-14

STATEMENT OF GREEN TRUST FUND LOAN PAYABLE

Balance, December 31, 2020	\$ 86,217
Decreased by:	
Budget Appropriation	<u>10,766</u>
Balance, December 31, 2021	<u>\$ 75,451</u>

EXHIBIT C-15

**STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE
TRUST LOAN PAYABLE**

Balance, December 31, 2020	\$ 3,169,882
Decreased by:	
Budget Appropriation	<u>372,414</u>
Balance, December 31, 2021	<u>\$ 2,797,468</u>

EXHIBIT C-16

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2020	\$ 51,147
Increased by:	
Current Fund Budget Appropriation	<u>50,000</u>
	101,147
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>48,000</u>
Balance, December 31, 2021	<u>\$ 53,147</u>

**BOROUGH OF DUMONT
STATEMENT OF RESERVE FOR PAYMENT OF DEBT**

Balance, December 31, 2020	<u>\$ 99,000</u>
Balance, December 31, 2021	<u>\$ 99,000</u>

STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance, December 31, 2020	Improvement Authorizations	Bond Anticipation Notes Issued	Balance, December 31, 2021
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	830,588		\$ 830,000	588
1584	Sewer Line Repair - Columbia Avenue	-	\$ 428,500	428,500	-
1586	Various Capital Improvements	-	3,192,500	3,192,000	500
		<u>\$ 1,043,125</u>	<u>\$ 3,621,000</u>	<u>\$ 4,450,500</u>	<u>\$ 213,625</u>

PUBLIC ASSISTANCE FUND

**BOROUGH OF DUMONT
STATEMENT OF PUBLIC ASSISTANCE CASH**

Balance, December 31, 2020	\$ <u>640</u>
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Balance, December 31, 2021	\$ <u><u>640</u></u>
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STATEMENT OF RESERVE FOR PUBLIC ASSISTANCE EXPENDITURES

Balance, December 31, 2020	\$ <u>640</u>
----------------------------	---------------

Balance, December 31, 2021	\$ <u><u>640</u></u>
----------------------------	----------------------

PART II
GOVERNMENT AUDITING STANDARDS

LV B LERCH, VINCI & BLISS, LLP
CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER VINCI, CPA, PSA
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
Dumont, New Jersey

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, 2021, and the related notes to the financial statements, and have issued our report thereon dated August 24, 2022. 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.

Report on 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) as a basis for designing 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.

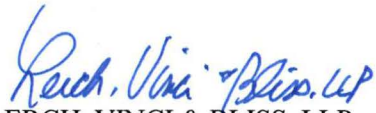
Report on Compliance and Other Matters


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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards 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 & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Gary J. Vinci
Registered Municipal Accountant
RMA Number CR00411

Fair Lawn, New Jersey
August 24, 2022

BOROUGH OF DUMONT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Federal Program</u>	<u>CFDA Number</u>	<u>Grant Receipts</u>	<u>Grant Award</u>	<u>Balance, December 31, 2020</u>	<u>Revenue</u>	<u>Expended</u>	<u>Balance, December 31, 2021</u>	<u>Cumulative Expenditures</u>
United States Department of Law and Public Safety								
Coronavirus Pandemic								
Public Assistance Grants	97.036							
Winter Snow Storm Quinn		\$ 6,173			\$ 6,173	\$ 6,173		\$ 6,173
Coronavirus Pandemic		4,918			4,918	4,918		4,918
Tropical Storm Isaias		117,647			117,647	117,647		117,647
Coronavirus State and Local Fiscal Recovery Funds	21.027	916,687						
 Bulletproof Vest Partnership Grant	 N/A		 \$ 3,185	 \$ 3,185			 \$ 3,185	
United States Department of Transportation								
Division of Highway Traffic Safety								
Distracted Driving Incentive	20.616		5,500	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>	<u>-</u>
				<u>\$ 8,685</u>	<u>\$ 128,738</u>	<u>\$ 128,738</u>	<u>\$ 8,685</u>	<u>\$ 128,738</u>

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, 2021

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Receipts</u>	<u>Balance, December 31, 2020</u>	<u>Revenue</u>	<u>Expended</u>	<u>Cancelled Encumbrance</u>	<u>Balance, December 31, 2021</u>	<u>Cumulative Expenditures</u>
Division of Criminal Justice									
Body Armor	1020-718-066-1020-001-YCJS-6120	2021	\$ 2,464						
Body Armor	1020-718-066-1020-001-YCJS-6120	2020			\$ 2,874	\$ 1,873		\$ 1,001	\$ 1,873
Body Armor	1020-718-066-1020-001-YCJS-6120	2019		\$ 1,414				1,414	1,998
Body Armor	1020-718-066-1020-001-YCJS-6120	2018			1,123	1,123			1,123
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	2021	31,551						
Clean Communities Program	4900-765-178910-60	2020			29,640	29,640		-	29,640
Clean Communities Program	4900-765-178910-60	2019		18,205		24,708	\$ 6,503		32,872
Clean Communities Program	4900-765-178910-60	2018		378				378	29,077
Clean Communities Program	4900-765-178910-60	2017		20,186		1,631		18,555	3,576
Clean Communities Program	4900-765-178910-60	2016		3,353		3,353		-	3,353
State Recycling Fund	*	2021	20,508						
State Recycling Fund	*	2019		9,161				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		7,114		2,818	7,889
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		125		309	125
Alcohol Education and Rehabilitation	9735-760-060000-60	1998		575	-	575	-	-	575
Total State Financial Assistance				\$ 89,868	\$ 33,637	\$ 70,142	\$ 6,503	\$ 59,866	\$ 152,490

* Not Available

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

BOROUGH OF DUMONT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2021

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:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 128,738	\$ 33,637	\$ 162,375
Total Financial Awards	<u>\$ 128,738</u>	<u>\$ 33,637</u>	<u>\$ 162,375</u>

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.

BOROUGH OF DUMONT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2021

NOTE 5 STATE LOANS OUTSTANDING

The Borough's state loans outstanding at December 31, 2021, 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	\$ 75,451
NJ Environmental Infrastructure Trust	
Trust Loan - 2007	601,000
Fund Loan - 2007	472,098
Trust Loan - 2010	476,000
Fund Loan - 2010	<u>1,248,370</u>
	<u>\$ 2,872,919</u>

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, 2021**

Part I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued on financial statements	<u>Modified, Presentation of Unaudited LOSAP Fund</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified	_____ yes	<u> X </u> no
2) Significant deficiency(ies) that are not considered to be material weakness(es)?	_____ yes	<u> X </u> none reported
Noncompliance material to the financial statements noted?	_____ yes	<u> X </u> 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, 2021**

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, 2021**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate</u>	\$3.864	\$3.759	\$3.669
<u>Apportionment of Tax Rate</u>			
Municipal	1.202	1.131	1.101
Municipal Library	.044	.042	.041
County	.334	.316	.298
Local School	2.284	2.270	2.229

Assessed Valuation

2021	<u>\$1,691,290,040</u>	
2020		<u>\$1,690,378,240</u>
2019		<u>\$1,689,761,940</u>

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.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2021	\$ 65,417,969	\$ 64,902,371	99.21%
2020	63,591,926	62,994,911	99.06%
2019	62,099,911	61,540,694	99.09%

**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.

<u>December 31 Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Lien</u>	<u>Total</u>	<u>Percentage of Tax Levy</u>
2021	\$ 439,139	\$ 9,069	\$ 448,208	0.69%
2020	535,592	8,663	544,255	0.86%
2019	504,843	8,268	513,111	0.83%

Property Acquired By Tax Title Lien Liquidation

No properties have been acquired in 2021 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:

<u>Year</u>	<u>Amount</u>
2021	\$79,526
2020	79,526
2019	79,526

Comparative Schedule Of Fund Balances

	<u>Year</u>	<u>Balance, December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund	2021	\$2,630,278	\$1,600,000
	2020	2,714,187	1,615,000
	2019	3,014,510	1,615,000

**BOROUGH OF DUMONT
SUPPORTING DATA**

OFFICIALS IN OFFICE

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

<u>Name</u>	<u>Title</u>
Andrew La Bruno	Mayor
Jimmy Chae	Councilman
Damon Englese	Councilman
Conor Gorman	Councilman
George Harvilla	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 (1/1/21-5/1/21)
Jeanine E. Siek	Borough Clerk (5/1/21-12/31/21)
Marc Liebman	Attorney
Remington Vernick Arango	Engineers
Harry Stylianou	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 Other Trust Fund ledgers were not in agreement with audited balances. It is recommended that the Other Trust reserve 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 costs relating to the Municipal Complex construction were not recorded. It is recommended that procedures be implemented to reconcile the fixed assets with the Borough's accounting records. Furthermore, consideration be given to integrate the Borough's fixed asset accounting records with the purchasing system.

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.

Our audit noted that the Borough had several interfund balances at December 31, 2021. 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 of the compensated absences liability revealed that the calculation was not prepared in accordance with the terms of the 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.

Current Year

Our audit noted that certain general ledger beginning balances were not in agreement with the audit balances. In addition there were reconciling items for the Trust Fund cash and General Capital Fund cash that were not adjusted and recorded in the Borough's general ledger and subsidiary ledgers. It is recommended that all beginning balances in the Borough's general ledger be in agreement with the audit balances. Furthermore, 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 appropriation reserve budget were overexpended at December 31, 2021. It is recommended that the Borough review its internal control procedures to ensure that sufficient funds are available prior to the expenditures of funds.

Our audit noted that at transfer resolution for the 2020 appropriation reserves was approved by the governing body but was not inputted into the budgetary accounting system. The governing body subsequently approved an additional transfer resolution including some of the appropriations transfers that were previously approved. It is recommended that all budget transfers are entered into the budgetary accounting system upon approval by the governing body.

Our audit of expenditures noted instances where purchase orders were not created until the goods or services were rendered or an invoice was received from the vendor. In addition, there were several instances where a receipt of goods signature was not obtained. It is recommended that purchase orders be encumbered prior to the ordering of goods or services. In addition, a receipt of goods signature be obtained on all purchase orders and/or vouchers.

BOROUGH OF DUMONT

GENERAL COMMENTS

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 \$44,000 (With a Qualified Purchasing Agent) except by contract or agreement.

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 \$44,000 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 Municipal Parking Lot, Road Improvements, Gina's Field Improvements, and Memorial Park Improvements.

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.

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

- Grant receivable balances in the Current and General Capital Funds be reviewed and action taken to collect or clear of record.
- Old outstanding checks and reconciling items on the Borough's bank reconciliations be reviewed and cleared of record.
- Employee time and attendance information be centrally maintained.

BOROUGH OF DUMONT SUPPORTING DATA

RECOMMENDATIONS

It is recommended that:

- * 1. The Other Trust reserve 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. Procedures be implemented to reconcile the fixed assets with the Borough's accounting records. Furthermore, consideration be given to integrate the Borough's fixed asset accounting records with the purchasing system.
- * 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. The Borough review its procedures regarding the compilation of information and the accounting of the Borough's compensated absence liability.
- 7. All beginning balances in the Borough's general ledgers be in agreement with the audit balances. Furthermore, all reconciling items included on the monthly bank reconciliations be timely reviewed and if necessary adjusted in the Borough's financial accounting records.
- 8. The Borough review its internal control procedures to ensure that sufficient funds are available prior to the expenditure of funds.
- 9. All budget transfers are entered into the budgetary accounting system upon approval by the governing body.
- 10. Purchase orders be encumbered prior to the ordering of goods or services. In addition, a receipt of goods signature be obtained on all purchase orders and/or vouchers.

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 (*).