

**BOROUGH OF ALLENDALE**  
**BERGEN COUNTY, NEW JERSEY**  
**REPORT OF AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

## BOROUGH OF ALLENDALE

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**BOROUGH OF ALLENDALE  
BERGEN COUNTY, NEW JERSEY**

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**PART I  
REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULES  
FOR THE YEAR ENDED DECEMBER 31, 2020**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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## INDEPENDENT AUDITOR’S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Allendale  
Allendale, New Jersey

### **Report on the Financial Statements**

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

### ***Management’s Responsibility for the Financial Statements***

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

### ***Auditor’s Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Allendale on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

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

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

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the Borough of Allendale as of December 31, 2020 and 2019 and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2020 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

***Other Matters***

***Other Information***

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

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



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

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

In accordance with Government Auditing Standards, we have also issued our report dated August 19, 2021 on our consideration of the Borough of Allendale'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 Allendale'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 Allendale's internal control over financial reporting and compliance.



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



Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR00457

Fair Lawn, New Jersey  
August 19, 2021

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

ASSETS	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Current Fund:			
Cash	A-4	\$ 4,042,688	\$ 3,924,416
Change Fund	A-5	400	400
Grant Receivable	A-24	<u>-</u>	<u>15,350</u>
		<u>4,043,088</u>	<u>3,940,166</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-8	163,278	206,752
Tax Title Liens	A-9	85,720	82,858
Property Acquired for Taxes-			
Assessed Valuation	A-10	4,900	4,900
Revenue Accounts Receivable	A-11	378	
Due from Other Trust Fund	B-11		10
Due from Animal Control Trust Fund	B-6	<u>-</u>	<u>7,451</u>
		<u>254,276</u>	<u>301,971</u>
Deferred Charges			
Emergency Authorization	A-23		55,000
Special Emergency Authorization	A-23	<u>244,000</u>	<u>-</u>
		<u>244,000</u>	<u>55,000</u>
Total Assets		<u>\$ 4,541,364</u>	<u>\$ 4,297,137</u>

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

LIABILITIES, RESERVES AND FUND BALANCE	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Current Fund:			
Appropriation Reserves	A-3,A-12	\$ 944,129	\$ 677,158
Due to State of New Jersey: Ch. 73, P.L.			
Senior Citizens and Veterans Deduction	A-7	4,694	4,194
Encumbrances Payable	A-13	298,411	180,688
Accounts Payable	A-14	8,853	3,347
Prepaid Taxes	A-15	324,609	287,144
Tax Overpayments	A-20	18,777	51,876
County Taxes Payable	A-18	18,316	
State Fees Payable	A-22	1,888	4,537
Appropriated Reserve for Grants	A-25	55,486	125,375
Unappropriated Reserve for Grants	A-26	12,879	22,743
Reserve for Tax Appeals	A-21	<u>269,270</u>	<u>197,133</u>
		<u>1,957,312</u>	<u>1,554,195</u>
Reserve for Receivables	A	254,276	301,971
Fund Balance	A-1	<u>2,329,776</u>	<u>2,440,971</u>
		<u>\$ 4,541,364</u>	<u>\$ 4,297,137</u>

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

	<u>Reference</u>	<u>Year 2020</u>	<u>Year 2019</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>			
Fund Balance Utilized	A-2	\$ 1,225,000	\$ 1,475,000
Miscellaneous Revenues Anticipated	A-2	3,025,634	2,590,001
Receipts from Delinquent Taxes	A-2	207,002	258,211
Receipts from Current Taxes	A-2	40,576,088	39,311,290
Non-Budget Revenue	A-2	196,275	92,211
Other Credits to Income			
Statutory Excess in Animal Control Fund	B		4,206
Unexpended Balance of Appropriation Reserves	A-12	450,900	580,509
Cancel Reserve for Revaluation	A		13,530
Interfunds Liquidated	A	7,461	
COVID Emergency - Revenue Deficits	A-23	<u>244,000</u>	<u>-</u>
Total Revenues and Other Income		45,932,360	44,324,958
<b>EXPENDITURES</b>			
Budget and Emergency Appropriations:			
Operations			
Salaries and Wages	A-3	4,352,732	4,317,050
Other Expenses	A-3	6,538,551	6,337,839
Capital Improvements	A-3	46,000	41,000
Municipal Debt Service	A-3	2,145,356	1,871,498
Deferred Charges and Statutory Expenditures-			
Municipal	A-3	1,122,731	1,045,152
Refund and Prior Year's Revenue	A-4	1,522	534
Interfund Advanced	A		4,206
Senior Citizens and Veterans Deductions Disallowed - Prior Year		250	
Municipal Open Space Tax	A-19	84,560	84,720
Local District School Tax	A-16	16,255,052	16,097,574
Regional High School Tax	A-17	9,826,813	9,515,374
County Taxes including added Taxes	A-18	<u>4,444,988</u>	<u>4,299,922</u>
Total Expenditures		<u>44,818,555</u>	<u>43,614,869</u>
Excess (Deficit) Revenue Over Expenditures		1,113,805	710,089
Adjustment to Income Before Fund Balance - Expenditures			
Included above Which are by Statute Deferred			
Charges to Budget of Succeeding Year	A-23	<u>-</u>	<u>55,000</u>
Statutory Excess to Fund Balance		1,113,805	765,089
Fund Balance, January 1,	A	<u>2,440,971</u>	<u>3,150,882</u>
		3,554,776	3,915,971
Decreased by:			
Fund Balance Utilized as Budget Revenue	A-1	<u>1,225,000</u>	<u>1,475,000</u>
Fund Balance, December 31,	A	<u>\$ 2,329,776</u>	<u>\$ 2,440,971</u>

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>Budget</u>	<u>Added by</u> <u>N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess or</u> <u>(Deficit)</u>
FUND BALANCE ANTICIPATED	A-1	\$ 1,225,000	-	\$ 1,225,000	-
MISCELLANEOUS REVENUES					
Licenses:					
Alcoholic beverages	A-11	15,000		15,000	
Fees and Permits	A-2	72,000		28,979	\$ (43,021)
Fines and Costs:					
Municipal Court	A-11	26,000		15,154	(10,846)
Interest and Costs on Taxes	A-11	75,000		55,115	(19,885)
Interest on Investments an Deposits	A-11	130,000		42,384	(87,616)
Dues & Fees - Crestwood Lake	A-11	291,000		294,592	3,592
Ramsey Sewer Charges	A-11	142,866		146,293	3,427
Allendale Elementary School Contribution to Sewer Use	A-11	23,090		22,417	(673)
Northern Highlands Reg. H.S. Contribution to Sewer Use	A-11	37,082		37,082	
Saddle River Sewer Payment	A-11	48,000		42,395	(5,605)
Garbage Collection	A-11	1,912		1,912	
Cellular Tower Lease	A-11	115,000		152,864	37,864
Prior Year Cell Tower Lease	A-11	20,000		20,000	
Cable TV Franchise Fee	A-11	100,000		107,823	7,823
Energy Receipts Tax	A-11	1,068,869		1,068,869	
Uniform Construction Code Fees	A-11	275,000		187,262	(87,738)
Public and Private Revenues:					
Clean Communities Program- Reserve	A-26	14,284		14,284	
Recycling Tonnage Grant - Reserve	A-26	8,459		8,459	
Body Armor Replacement Fund	A-24	1,759		1,759	
Other Special Items:					
Municipal Open Space Share of Deferred Charges Unfunded	B-7	4,500		4,500	
Reserve for Debt Service	C-12	569,512		569,512	
General Capital Fund Surplus	C-1	150,000		150,000	
Engineering Fees	A-11	20,000		23,077	3,077
Uniform Fire Safety Act	A-11	10,000	-	15,902	5,902
 Total Miscellaneous Revenues	 A-1	 <u>3,219,333</u>	 -	 <u>3,025,634</u>	 <u>(193,699)</u>
RECEIPTS FROM DELINQUENT TAXES	A-1,A-8	175,000	-	207,002	32,002
AMOUNT TO BE RAISED BY TAXATION:					
Local Tax for Municipal Purposes		9,441,094		9,817,716	376,622
Minimum Library Tax		596,959	-	596,959	-
 Total Amount to be Raised by Taxation	 A-2	 <u>10,038,053</u>	 -	 <u>10,414,675</u>	 <u>376,622</u>
 Total General Revenues		 <u>\$ 14,657,386</u>	 <u>\$ -</u>	 <u>\$ 14,872,311</u>	 <u>\$ 214,925</u>
Non-Budget Revenue	A-1,-2			196,275	
				<u>\$ 15,068,586</u>	

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

	<u>Reference</u>	<u>Realized</u>
Analysis of Realized Revenue		
Allocation of Current Tax Collections- Revenue from Collections	A-8, A-1	\$ 40,576,088
Less: Allocated to School, County Taxes and Municipal Open Space Taxes	A-16,A-17,A-18,A-19	<u>30,611,413</u>
Add: Appropriation - Reserve for Uncollected Taxes	A-3	<u>450,000</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 10,414,675</u>
Fees and Permits - Other:		
Clerk	A-11	\$ 13,110
Parking	A-11	6,216
Planning Board/Board of Adjustment	A-11	4,250
Board of Health	A-11	<u>5,403</u>
	A-2	<u>\$ 28,979</u>
Non Budget Revenue		
Gun Permits/Police Copies/Firearm Reg.		\$ 1,456
Address Lists/Duplicate Bills		250
Sewer- Miscellaneous		5,175
Raffles		120
Alarm Registration		1,675
Police Outside Duty Admin Fees		8,900
PILOT Payment		22,000
Allendale Senior Housing		16,290
Cell Tower Back Payment - Crown Castle		81,790
Storm Damage - Sedgwick		15,388
Sale of Municipal Assets		10,106
Insurance Dividend		15,989
Miscellaneous Refunds & Reimbursements		<u>17,136</u>
	A-2,A-4	<u>\$ 196,275</u>

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>GENERAL GOVERNMENT</b>					
General Administration					
Salaries & Wages	\$ 27,000	\$ 32,500	\$ 32,032	\$ 468	
Other Expenses	99,500	99,500	71,792	27,708	
Mayor & Council					
Other Expenses	10,500	10,500	8,887	1,613	
Municipal Clerk					
Salaries & Wages	143,000	146,500	146,069	431	
Other Expenses	55,250	55,250	38,228	17,022	
Financial Administration					
Salaries & Wages	154,335	154,335	153,850	485	
Other Expenses	29,950	29,950	23,588	6,362	
Audit Services	40,000	40,000	9,453	30,547	
Collection of Taxes					
Salaries & Wages	53,200	53,200	51,129	2,071	
Other Expenses	13,000	13,000	10,996	2,004	
Assessment for Taxes					
Salaries & Wages	48,160	48,160	48,151	9	
Other Expenses	20,000	20,000	2,492	17,508	
Legal Services and Costs					
Other Expenses	140,000	139,000	96,432	42,568	
Engineering Services & Costs					
Other Expenses	80,000	80,000	64,635	15,365	
<b>LAND USE ADMINISTRATION</b>					
Planning Board					
Salaries & Wages	45,800	45,800	43,785	2,015	
Other Expenses	30,400	25,400	7,805	17,595	
<b>INSURANCE</b>					
Other Insurance - Premiums	193,800	193,800	135,729	58,071	
Workers' Compensation Insurance	160,921	160,921	121,303	39,618	
Employee Group Health	840,858	840,858	821,789	19,069	
Health Benefit Waiver	26,000	26,000	26,000		
Unemployment Insurance	10,000	10,000	10,000		

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - WITHIN "CAPS"</b>					
<b>PUBLIC SAFETY FUNCTIONS</b>					
Police Dispatch/911					
Salaries & Wages	\$ 2,538,502	\$ 2,550,502	\$ 2,517,604	\$ 32,898	
Other Expenses	240,000	240,000	225,068	14,932	
Emergency Management Services					
Salaries and Wages	3,800	3,800	3,685	115	
Other Expenses	2,000	2,000	359	1,641	
First Aid Organization					
Other Expenses-Contribution	35,000	35,000	35,000		
Fire Department					
Other Expenses	114,700	114,700	103,136	11,564	
Fire Certification					
Other Expenses	500	500	500		
Uniform Fire Safety Act (Ch. 383, P.L. 1983)					
Fire Official					
Salaries & Wages	13,141	18,541	16,537	2,004	
Other Expenses	4,000	4,000	3,667	333	
Municipal Prosecutor					
Salaries & Wages	5,640	5,640	5,637	3	
Municipal Court					
Salaries and Wages	14,770	14,770	14,762	8	
Other Expenses	6,500	6,500	1,058	5,442	
Public Defender					
Other Expenses	2,000	2,000	600	1,400	
<b>PUBLIC WORKS FUNCTIONS</b>					
Streets and Road Maintenance					
Salaries & Wages	911,000	891,000	766,636	124,364	
Other Expenses	130,000	115,000	103,713	11,287	
Snow Removal					
Other Expenses	127,500	127,500	53,848	73,652	
Shade Tree Commission					
Other Expenses	42,000	42,000	21,150	20,850	
Sewer System					
Other Expenses	21,000	21,000	4,750	16,250	
Garbage and Trash Removal					
Other Expenses	471,500	471,500	448,817	22,683	
Recycling					
Salaries & Wages	3,000	3,000	2,215	785	
Other Expenses	148,500	179,500	170,716	8,784	

See Accompanying Notes are an Integral Part of these Financial Statements



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

	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
HEALTH AND HUMAN SERVICES FUNCTIONS					
Public Buildings and Grounds					
Other Expenses	\$ 131,900	\$ 131,900	\$ 115,573	\$ 16,327	
Health and Welfare:					
Board of Health					
Salaries & Wages	26,050	26,050	18,769	7,281	
Other Expenses	36,550	36,550	33,815	2,735	
RECREATION & EDUCATION					
Senior Citizens					
Other Expenses	5,000	5,000	1,856	3,144	
Animal Control					
Other Expenses	11,000	11,000	5,580	5,420	
Aid to Health Care Facilities (N.J.S.A. 44:5-2)					
Other Expense	6,000	6,000	6,000		
Municipal Alliance					
Other Expense	3,000	3,000	3,000		
Parks and Playgrounds					
Other Expense	49,500	49,500	46,041	3,459	
Crestwood Lake Public Swimming and Recreation Facility					
Salaries and Wages	160,000	185,000	183,489	1,511	
Other Expenses	115,250	109,250	100,265	8,985	
Salary and Wage Adjustment	60,000	8,600		8,600	
Radio Equipment Maintenance- All Departments	7,000	7,000	4,992	2,008	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
Construction Code Official					
Salaries & Wages	101,520	101,520	97,702	3,818	
Other Expenses	18,000	18,000	15,703	2,297	
Sub-Code Officials					
Zoning Officer/Property Maintenance					
Salaries & Wages	27,584	27,584	18,381	9,203	
Plumbing Inspector - Salaries & Wages	12,660	12,660	12,056	604	
Electrical Inspector - Salaries & Wages	14,510	14,510	14,041	469	
Fire Protection Inspector - Salaries & Wages	12,060	12,060	12,056	4	

See Accompanying Notes are an Integral Part of these Financial Statements

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

OPERATIONS - WITHIN "CAPS"	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>UTILITY EXPENSES AND BULK PURCHASES</b>					
Electricity	\$ 109,000	\$ 109,000	\$ 88,310	\$ 20,690	
Street Lighting	110,000	110,000	96,717	13,283	
Telephone	65,000	77,000	72,334	4,666	
Water	25,000	25,000	8,638	16,362	
Natural Gas	35,000	38,000	29,800	8,200	
Gasoline	100,000	100,000	29,458	70,542	-
	<u>8,298,311</u>	<u>8,297,311</u>	<u>7,438,179</u>	<u>859,132</u>	<u>-</u>
Total Operations Within "CAPS"					
Contingent	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>	<u>-</u>
Total Operations including Contingent Within "CAPS"	<u>8,328,311</u>	<u>8,327,311</u>	<u>7,438,179</u>	<u>889,132</u>	<u>-</u>
Detail:					
Salaries & Wages	4,372,732	4,352,732	4,156,371	196,361	-
Other Expenses (Including Contingent)	<u>3,955,579</u>	<u>3,974,579</u>	<u>3,281,808</u>	<u>692,771</u>	<u>-</u>
<b>DEFERRED CHARGES AND STATUTORY</b>					
<b>EXPENDITURES - MUNICIPAL WITHIN</b>					
<b>"CAPS"</b>					
Statutory Expenditures					
Social Security System (O.A.S.I.)	334,000	334,000	295,992	38,008	
Police and Firemen's Retirement System	523,849	523,849	523,849		
Public Employees Retirement System	194,252	194,252	194,252		
Long Term Disability Assessment	1,130	1,130	1,128	2	
Defined Contribution Retirement Plan	10,000	10,000	7,665	2,335	-
	<u>1,063,231</u>	<u>1,063,231</u>	<u>1,022,886</u>	<u>40,345</u>	<u>-</u>
Total Deferred Charges & Statutory Expenditures - Municipal within "CAPS"					
	<u>9,391,542</u>	<u>9,390,542</u>	<u>8,461,065</u>	<u>929,477</u>	<u>-</u>
Total General Appropriations for Municipal Purposes within "CAPS"					

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<b>OPERATIONS - EXCLUDED FROM "CAPS"</b>					
Maintenance of Free Public Library (P.L. 1985, Ch. 82-541)	\$ 596,959	\$ 596,959	\$ 596,959		
Reserve for Tax Appeals	75,000	75,000	75,000		
Northwest Bergen County Sewerage Authority Share of Costs					
Other Expenses	1,822,261	1,822,261	1,822,261		
Borough of Waldwick - Well Baby					
Other Expenses	750	750	215	\$ 535	
Borough of Hohokus - Municipal Court					
Other Expenses	44,500	44,500	30,383	14,117	
<b>PUBLIC AND PRIVATE OFFSET BY REVENUES</b>					
Clean Communities Grant	14,284	14,284	14,284		
Drunk Driving Enforcement Grant		-	-		
Recycling Tonnage Grant	8,459	8,459	8,459		
Body Armor Replacement Fund	1,759	1,759	1,759	-	-
	<u>2,563,972</u>	<u>2,563,972</u>	<u>2,549,320</u>	<u>14,652</u>	<u>-</u>
<b>Total Operations - Excluded from "CAPS"</b>					
Detail:					
Other Expenses	<u>2,563,972</u>	<u>2,563,972</u>	<u>2,549,320</u>	<u>14,652</u>	<u>-</u>
<b>CAPITAL IMPROVEMENT EXCLUDED FROM "CAPS"</b>					
Capital Improvement Fund	<u>45,000</u>	<u>46,000</u>	<u>46,000</u>	<u>-</u>	<u>-</u>
				-	
<b>Total Capital Improvements Excluded from "CAPS"</b>	<u>45,000</u>	<u>46,000</u>	<u>46,000</u>	<u>-</u>	<u>-</u>
<b>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</b>					
Payment of Bond Principal	1,355,000	1,355,000	1,355,000		
Payment of Bond Anticipation Notes and Capital Notes	240,658	240,658	240,658		
Interest on Bonds	127,940	127,940	127,940		
Interest on Notes	423,774	423,774	421,758	-	\$ 2,016
	<u>2,147,372</u>	<u>2,147,372</u>	<u>2,145,356</u>	<u>-</u>	<u>2,016</u>
<b>Total Municipal Debt Service - Excluded from "CAPS"</b>					

See Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
DEFERRED CHARGES					
Emergency Authorization	\$ 55,000	\$ 55,000	\$ 55,000		
Deferred Charges to Future Taxation Unfunded: Ord. 07-13 & 15-04	<u>4,500</u>	<u>4,500</u>	<u>4,500</u>	-	-
Total Deferred Charges - Municipal-Excluded from "CAPS"	<u>59,500</u>	<u>59,500</u>	<u>59,500</u>	-	-
 Total General Appropriations for Municipal Purposes Excluded from "CAPS"	 <u>4,815,844</u>	 <u>4,816,844</u>	 <u>4,800,176</u>	 \$ 14,652	 \$ 2,016
 Subtotal General Appropriations	 <u>14,207,386</u>	 <u>14,207,386</u>	 <u>13,261,241</u>	 944,129	 2,016
 Reserve for Uncollected Taxes	 <u>450,000</u>	 <u>450,000</u>	 <u>450,000</u>	 -	 -
 Total General Appropriations	 <u>\$ 14,657,386</u>	 <u>\$ 14,657,386</u>	 <u>\$ 13,711,241</u>	 <u>\$ 944,129</u>	 <u>\$ 2,016</u>

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

	<u>Reference</u>	<u>Budget After Modification</u>	
Budget as Adopted	A-3	<u>\$ 14,657,386</u>	
			<u>Paid or Charged</u>
Cash Disbursed	A-4		\$ 12,808,328
Encumbrances Payable	A-13		298,411
Deferred Charges	A-23		55,000
Transfer to Reserve for Tax Appeals	A-21		75,000
Transfer to Grants Appropriated	A-25		24,502
Reserve for Uncollected Taxes	A-2		<u>450,000</u>
			<u>\$ 13,711,241</u>

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

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Cash	B-3	\$ 9,311	\$ 15,739
Due from State Department of Health	B-5	<u>-</u>	<u>3</u>
		<u>9,311</u>	<u>15,742</u>
<b>OTHER TRUST FUND</b>			
Cash	B-3	<u>970,414</u>	<u>899,660</u>
		<u>970,414</u>	<u>899,660</u>
<b>MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND</b>			
Cash	B-3	<u>85,149</u>	<u>85,854</u>
Total Assets		<u>\$ 1,064,874</u>	<u>\$ 1,001,256</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>ANIMAL CONTROL TRUST FUND</b>			
Reserve for Dog Fund Expenditures	B-4	9,311	8,291
Due to Current Fund	B-6	<u>-</u>	<u>7,451</u>
		<u>9,311</u>	<u>15,742</u>
<b>OTHER TRUST FUND</b>			
Due to Current Fund	B-11		10
Payroll Deductions Payable	B-10	55,670	52,423
Reserve for Unemployment	B-8	81,445	62,215
Miscellaneous Reserves	B-9	<u>833,299</u>	<u>785,012</u>
		<u>970,414</u>	<u>899,660</u>
<b>MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND</b>			
Reserve for Municipal Open Space Expenditures	B-7	<u>85,149</u>	<u>85,854</u>
Total Liabilities, Reserves and Fund Balance		<u>85,149</u>	<u>85,854</u>
		<u>\$ 1,064,874</u>	<u>\$ 1,001,256</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ALLENDALE**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u> <u>Budget</u>	<u>Realized in</u> <u>2020</u>	<u>Variance</u>
Amount to be Raised by Taxation	\$ 84,213	\$ 84,560	\$ 347
Interest Income		199	199
Reserve Fund	<u>1,251</u>	<u>1,251</u>	<u>-</u>
	<u>\$ 85,464</u>	<u>\$ 86,010</u>	<u>\$ 546</u>
Reference	B-2	B-7	

**STATEMENT OF APPROPRIATIONS - REGULATORY BASIS**  
**MUNICIPAL OPEN SPACE PRESERVATION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u> <u>Budget</u> <u>(Memo)</u>	<u>2020</u> <u>Paid or</u> <u>Charged</u>	<u>Variance</u>
Payment of Bond Anticipation Notes and Capital Notes	\$ 50,000	\$ 50,000	
Interest on Notes	31,050	30,964	\$ 86
Realized as Current Fund Budgeted Revenue	<u>4,414</u>	<u>4,500</u>	<u>(86)</u>
	<u>\$ 85,464</u>	<u>\$ 85,464</u>	<u>\$ -</u>
Reference	B-1	B-7	

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

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
<b>OTHER ASSETS</b>			
Cash	C-2/C-3	\$ 1,155,665	\$ 2,188,423
Grant Receivables	C-9	806,278	495,386
Due from Water Utility Capital Fund	D-23	278,000	
Deferred Charges to Future Taxation:			
Funded	C-4	5,295,000	5,665,000
Unfunded	C-5	<u>16,606,433</u>	<u>16,956,810</u>
 Total Assets		 <u>24,141,376</u>	 <u>25,305,619</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
Serial Bonds Payable	C-7	\$ 5,295,000	\$ 5,665,000
Bond Anticipation Notes Payable	C-8	16,519,214	16,938,210
Improvement Authorization			
Funded	C-6	30,914	138,676
Unfunded	C-6	957,703	867,996
Capital Improvement Fund	C-10	112	3,112
Contracts Payable	C-13	599,111	306,741
Reserve for:			
Municipal Improvements	C-11	35,510	43,800
Debt Service	C-12	624,866	1,172,926
Fund Balance	C-1	<u>78,946</u>	<u>169,158</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 24,141,376</u>	 <u>\$ 25,305,619</u>

There were bonds and notes authorized but not issued at December 31, 2020 and 2019 of \$128,438 and \$18,600, respectively (Exhibit C-14).



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

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, January 1	C	\$ 169,158	\$ 206,972
Increased by:			
Premium on Sale of Bond Anticipation Notes	C-2	<u>59,788</u>	<u>65,686</u>
		228,946	272,658
Decreased by:			
Appropriate to Finance Improvement Authorization	C-1	-	100,000
Realized as Current Fund Budgeted Revenue	A-2	<u>150,000</u>	<u>3,500</u>
		<u>150,000</u>	<u>103,500</u>
Balance, December 31	C	<u>\$ 78,946</u>	<u>\$ 169,158</u>

**BOROUGH OF ALLENDALE**  
**COMPARATIVE BALANCE SHEETS - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**AS OF DECEMBER 31, 2019 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>			
Operating Fund:			
Cash	D-5	\$ <u>583,582</u>	\$ <u>417,893</u>
		<u>583,582</u>	<u>417,893</u>
Receivables with Full Reserves:			
Consumers Account Receivable	D-7	<u>502,584</u>	<u>372,707</u>
Total Operating Fund		<u>\$ 1,086,166</u>	<u>\$ 790,600</u>
Capital Fund:			
Cash	D-5,D-6	\$ 1,399,891	\$ 1,305,460
Fixed Capital	D-8	8,437,030	8,406,030
Fixed Capital Authorized and Uncompleted	D-9	<u>1,983,074</u>	<u>1,843,074</u>
Total Capital Fund		<u>11,819,995</u>	<u>11,554,564</u>
Total Assets		<u>\$ 12,906,161</u>	<u>\$ 12,345,164</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ALLENDALE  
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS  
WATER UTILITY CAPITAL FUND  
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
<b>LIABILITIES, RESERVES AND FUND BALANCE</b>			
<b>Operating Fund:</b>			
Appropriation Reserve	D-4,D-11	\$ 224,996	\$ 54,093
Encumbrances Payable	D-10	88,085	147,714
Accrued Interest on Bonds and Notes	D-12	19,596	23,171
Reserve for:			
Meter Deposits	D-22	-	15,325
Valve Replacement	D-22	-	513
		<u>332,677</u>	<u>240,816</u>
Reserve for Receivables	D	502,584	372,707
Fund Balance	D-1	<u>250,905</u>	<u>177,077</u>
<b>Total Operating Fund</b>		<u>\$ 1,086,166</u>	<u>\$ 790,600</u>
<b>Capital Fund:</b>			
Bond Anticipation Notes	D-14	\$ 278,000	\$ 350,000
Water Serial Bonds Payable	D-13	2,131,000	2,461,000
Improvement Authorizations:			
Funded	D-15	152,332	53,024
Unfunded	D-15	411,210	465,234
Contracts Payable	D-17	71,564	57,417
Due to General Capital Fund	D-23	278,000	
Capital Improvement Fund	D-18	3	3
Reserve for Amortization	D-19	7,030,266	6,669,266
Reserve for Deferred Amortization	D-21	653,288	441,288
Reserve for Capital Infrastructure	D-16	793,893	964,893
Reserve for Payment of Bonds	D-20	426	72,426
Fund Balance	D-2	<u>20,013</u>	<u>20,013</u>
<b>Total Capital Fund</b>		<u>11,819,995</u>	<u>11,554,564</u>
<b>Total Liabilities, Reserves and Fund Balance</b>		<u>\$ 12,906,161</u>	<u>\$ 12,345,164</u>

There were bonds and notes authorized but not issued on December 31, 2020, and 2019 of \$327,550, respectively. (Exhibit D-24).

**BOROUGH OF ALLENDALE**  
**COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS - WATER UTILITY OPERATING FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
<b>REVENUES AND OTHER INCOME</b>			
Surplus Anticipated	D-3	\$ 124,000	\$ 95,000
Rents	D-3	1,646,253	1,519,730
Miscellaneous	D-3	68,083	71,720
Additional Rents	D-3	105,000	
Facilities Charge	D-3	234,267	232,675
Reserve for Debt Service	D-3	72,000	
Reserve for Capital Infrastructure	D-1		32,000
Other Credits to Income:			
Unexpended Balance of			
Appropriations Reserves	D-11	<u>43,091</u>	<u>97,584</u>
<b>Total Income</b>		<u>2,292,694</u>	<u>2,048,709</u>
<b>EXPENDITURES</b>			
Operating	D-4	1,394,409	1,325,250
Capital Improvements	D-4	230,000	262,000
Debt Service	D-4	468,957	436,538
Deferred Charges and Statutory Expenditures	D-4	<u>1,500</u>	<u>1,400</u>
<b>Total Expenditures</b>		<u>2,094,866</u>	<u>2,025,188</u>
<b>Excess in Revenue</b>		<u>197,828</u>	<u>23,521</u>
<b>Statutory Excess to Surplus</b>		197,828	23,521
<b>Fund Balance, January 1</b>	D	<u>177,077</u>	<u>248,556</u>
		374,905	272,077
Decreased by:			
Utilized as Anticipated Revenue	D-3	<u>124,000</u>	<u>95,000</u>
<b>Fund Balance, December 31</b>	D	<u>\$ 250,905</u>	<u>\$ 177,077</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ALLENDALE**  
**COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCES - REGULATORY BASIS**  
**WATER UTILITY CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, January 1,	D	\$ 20,013	\$ 20,013
Balance, December 31,	D	<u>\$ 20,013</u>	<u>\$ 20,013</u>

EXHIBIT D-3

**STATEMENT OF REVENUES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-1	\$ 124,000	\$ 124,000	
Rents	D-1,D-8	1,500,000	1,646,253	\$ 146,253
Additional Rents	D-1,D-8	105,000	105,000	
Facilities Charge	D-1,D-5	230,000	234,267	4,267
Miscellaneous	D-1	65,000	68,083	3,083
Reserve for Debt Service	D-1, D-20	<u>72,000</u>	<u>72,000</u>	<u>-</u>
Budget Totals		<u>\$2,096,000</u>	<u>\$2,249,603</u>	<u>\$ 153,603</u>

ANALYSIS OF REALIZED REVENUE

Miscellaneous:			
Interest on Investments		\$ 9,775	
Fire Standby		17,250	
New Construction		8,285	
Hydrant Annual Fee		11,700	
Interest on Rents		5,085	
Cancelled Prior Year Reserves		15,838	
Miscellaneous		<u>150</u>	
			<u>\$ 68,083</u>
Cash Receipts	D-5		\$ 52,245
Cancellations	D-22		<u>15,838</u>
			<u>\$ 68,083</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ALLENDALE**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**WATER UTILITY OPERATING FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modifications</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATING					
Salaries and Wages	\$ 27,844	\$ 27,844	\$ 25,861	\$ 1,983	
Other Expenses	866,565	866,565	864,346	2,219	
Purchase of Water	500,000	500,000	436,347	63,653	
CAPITAL IMPROVEMENTS					
Capital Infrastructure	230,000	230,000	73,435	156,565	
DEBT SERVICE					
Payment of Bond Principal	330,000	330,000	330,000		
Payment of Bond Anticipation Notes	72,000	72,000	72,000		
Interest on Bonds	60,287	60,287	60,287		
Interest on Notes	7,804	7,804	6,670		\$ 1,134
Deferred Charges and Statutory Expenditures:					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	<u>1,500</u>	<u>1,500</u>	<u>924</u>	<u>576</u>	<u>-</u>
	<u>\$ 2,096,000</u>	<u>\$ 2,096,000</u>	<u>\$ 1,869,870</u>	<u>\$ 224,996</u>	<u>\$ 1,134</u>

Reference      D-3

Budget as Adopted	D-3	<u>\$ 2,096,000</u>	
Cash Disbursed	D-5		\$ 1,714,828
Encumbrances	D-10		88,085
Accrued Interest on Bonds and Notes	D-12		<u>66,957</u>
			<u>\$ 1,869,870</u>

See Accompanying Notes are an Integral Part of these Financial Statements

**BOROUGH OF ALLENDALE**  
**COMPARATIVE STATEMENTS OF GENERAL FIXED ASSET ACCOUNT GROUP -**  
**REGULATORY BASIS**  
**AS OF DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
GENERAL FIXED ASSETS		
Land	\$ 11,007,900	\$ 11,007,900
Land Improvements	1,888,779	1,888,779
Building and Building Improvements	19,860,001	19,860,001
Machinery and Equipment	<u>9,717,776</u>	<u>9,226,340</u>
	<u>\$ 42,474,456</u>	<u>\$ 41,983,020</u>
Investment in General Fixed Assets	<u>\$ 42,474,456</u>	<u>\$ 41,983,020</u>

**NOTES TO FINANCIAL STATEMENTS**



**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Borough of Allendale (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 and volunteer ambulance 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 Allendale 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 ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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 Trust 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.

*Municipal Open Space Preservation Trust Fund* - This fund is used to account for the resources which have accumulated from a dedicated tax to be used for the preservation of open space, recreation and farm land property.

*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.

*Water Utility Fund* - This fund is used to account for the revenues and expenditures for the operation of the Borough's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

*General Fixed Assets Account Group* - This account group is used to account for all general fixed assets of the Borough, other than those accounted for in the water utility fund. The Borough's infrastructure is not reported in the account group.

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

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

**Financial Statements – Regulatory Basis**

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

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Allendale 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. 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.

**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 11<sup>th</sup> 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.

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**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).

**Utility Revenues/Receivables** - Utility charges are levied quarterly based upon consumption and a standard facility charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Borough's water utility operating fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**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.

**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.

**BOROUGH OF ALLENDALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**Encumbrances** - 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, the Borough doesn't allow for the accumulation of sick and vacation days.

**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.

**General Fixed Assets** - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the Borough of Allendale 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 stated at cost or estimated historical cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets are stated as follows:

Land and Buildings	Assessed Value 1985
Machinery and Equipment	Replacement 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.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water utility fund is recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on 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.

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

**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 (Except for Municipal Open Space Trust Fund)  
General Capital Fund  
Water Utility Capital Fund

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2020, the Borough Council did not increase the original budget. During 2019, the Borough Council increased the Current Fund original budget by \$61,243. The increase was funded by additional aid allotted to the Borough and to an emergency authorization for the Fire Department emergency fire truck repair. There were no increases to the water utility operating budget. In addition, the governing body approved several budget transfers during 2020 and 2019 for both the Current Fund and the Water Utility Operating Fund.

**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 ALLENDALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

**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, 2020 and 2019, the book value of the Borough's deposits were \$8,247,100 and \$8,837,845 and bank and brokerage firm balances of the Borough's deposits amounted to \$8,426,651 and \$9,032,764, 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>2020</u>	<u>2019</u>
Insured	\$ 8,426,651	\$ 9,032,764

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

**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).

As of December 31, 2020 and 2019 the Borough had no outstanding investments.

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

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE (Modify if no utility)**

Receivables at December 31, 2020 consisted of the following:

	<u>Current Fund</u>	<u>Water Utility Operating Fund</u>	<u>Total</u>
<b><u>2020</u></b>			
Property Taxes	\$ 163,278		\$ 163,278
Tax Title Liens	85,720		85,720
Utility Charges and Fees	<u>-</u>	<u>\$ 502,584</u>	<u>502,584</u>
	<u>\$ 248,998</u>	<u>\$ 502,584</u>	<u>\$ 751,582</u>

In 2020, the Borough collected \$207,002 and \$372,707 from delinquent taxes and utility charges and fees, which represented 71% and 100% of the delinquent tax and water charges receivable at December 31, 2019.

Receivables at December 31, 2019 consisted of the following:

	<u>Current Fund</u>	<u>Water Utility Operating Fund</u>	<u>Total</u>
<b><u>2019</u></b>			
Property Taxes	\$ 206,752		\$ 206,752
Tax Title Liens	82,858		82,858
Utility Charges and Fees	<u>-</u>	<u>\$ 372,707</u>	<u>372,707</u>
	<u>\$ 289,610</u>	<u>\$ 372,707</u>	<u>\$ 662,317</u>

In 2019, the Borough collected \$258,211 and \$333,340 from delinquent taxes and utility charges and fees, which represented 76% and 100% of the delinquent tax, water and sewer charges receivable at December 31, 2018.



**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 5 DUE TO/FROM OTHER FUNDS**

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

	<u>2020</u>		<u>2019</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund			\$ 7,461	
Trust Fund:				
Animal Control Trust Fund				\$ 7,451
Other Trust Fund				10
General Capital Fund	\$ 278,000			
Water Utility Capital Fund	<u>-</u>	<u>\$ 278,000</u>	<u>-</u>	<u>-</u>
 Total	 <u>\$ 278,000</u>	 <u>\$ 278,000</u>	 <u>\$ 7,461</u>	 <u>\$ 7,461</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and revenues earned in on fund that are due to another fund.

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

**NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS**

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 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>2020</u>			
Current Fund			
Special Emergency Authorization - COVID-19	<u>\$ 244,000</u>	<u>\$ -</u>	<u>\$ 244,000</u>
<u>2019</u>			
Current Fund			
Emergency Authorization	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ -</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 7 FUND BALANCES APPROPRIATED**

Under the regulatory basis of accounting, fund balances in the Current Fund and Water Utility Operating Fund are 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>2020</u>		<u>2019</u>	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 2,085,776	\$ 1,150,000	\$ 2,370,621	\$ 1,225,000
Non-Cash Surplus	<u>244,000</u>	<u>-</u>	<u>70,350</u>	<u>-</u>
	<u>\$ 2,329,776</u>	<u>\$ 1,150,000</u>	<u>\$ 2,440,971</u>	<u>\$ 1,225,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 250,905	\$ 123,000	\$ 177,077	\$ 124,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 250,905</u>	<u>\$ 123,000</u>	<u>\$ 177,077</u>	<u>\$ 124,000</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 8 FIXED ASSETS**

**A. General Fixed Assets**

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

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2020</u>
<b><u>2020</u></b>					
Land	\$ 11,007,900				\$ 11,007,900
Land Improvements	1,888,779				1,888,779
Buildings and Building Improvements	19,860,001				19,860,001
Machinery and Equipment	<u>9,226,340</u>	<u>\$ 561,543</u>	<u>\$ 70,107</u>	<u>-</u>	<u>9,717,776</u>
	<u>\$ 41,983,020</u>	<u>\$ 561,543</u>	<u>\$ 70,107</u>	<u>\$ -</u>	<u>\$ 42,474,456</u>
	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustment</u>	Balance, December 31, <u>2019</u>
<b><u>2019</u></b>					
Land	\$ 11,007,900				\$ 11,007,900
Land Improvements	1,923,179			\$ (34,400)	1,888,779
Buildings and Building Improvements	19,725,912	\$ 99,689		34,400	19,860,001
Machinery and Equipment	<u>9,538,029</u>	<u>259,868</u>	<u>\$ 571,557</u>	<u>-</u>	<u>9,226,340</u>
	<u>\$ 42,195,020</u>	<u>\$ 359,557</u>	<u>\$ 571,557</u>	<u>\$ -</u>	<u>\$ 41,983,020</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 8 FIXED ASSETS (Continued)**

**B. Water Utility Fund Fixed Assets**

The following is a summary of changes in the water utility fund fixed assets for the years ended December 31, 2020 and 2019.

	Balance January 1, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2020</u>
<b><u>2020</u></b>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 8,406,030	\$ 31,000	\$ -	\$ 8,437,030
	<u>\$ 8,406,030</u>	<u>\$ 31,000</u>	<u>\$ -</u>	<u>\$ 8,437,030</u>
	Balance January 1, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2019</u>
<b><u>2019</u></b>				
Fixed Capital				
System and System Improvements and Vehicles and Equipment	\$ 7,820,976	\$ 585,054	\$ -	\$ 8,406,030
	<u>\$ 7,820,976</u>	<u>\$ 585,054</u>	<u>\$ -</u>	<u>\$ 8,406,030</u>

**BOROUGH OF ALLENDALE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9 MUNICIPAL DEBT**

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. 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>2020</u>	<u>2019</u>
Issued		
General		
Bonds and Notes	\$ 21,814,214	\$ 22,603,210
Water Utility		
Bonds and Notes	<u>2,409,000</u>	<u>2,811,000</u>
	24,223,214	25,414,210
Less Funds Temporarily Held to Pay Bonds and Notes	<u>625,292</u>	<u>1,245,352</u>
Net Debt Issued	<u>23,597,922</u>	<u>24,168,858</u>
Authorized But Not Issued		
General		
Bonds and Notes	128,438	18,600
Water Utility		
Bonds and Notes	<u>327,550</u>	<u>327,550</u>
	<u>455,988</u>	<u>346,150</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 24,053,910</u>	<u>\$ 24,515,008</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**Statutory Net Debt**

The statement of debt condition that follows is extracted from the Borough's Annual Debt Statement and indicates a statutory net debt of 1.197% and 1.209% at December 31, 2020 and 2019, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2020</u></b>			
Local School District Debt	\$ 2,032,000	\$ 2,032,000	
Regional School District Debt	1,440,360	1,440,360	
General Debt	21,942,652	603,414	\$ 21,339,238
Utility Debt	<u>2,736,550</u>	<u>2,736,550</u>	<u>-</u>
Total	<u>\$ 28,151,562</u>	<u>\$ 6,812,324</u>	<u>\$ 21,339,238</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b><u>2019</u></b>			
Local School District Debt	\$ 2,165,000	\$ 2,165,000	
Regional School District Debt	1,971,437	1,971,437	
General Debt	22,621,810	1,172,926	\$ 21,448,884
Utility Debt	<u>3,138,550</u>	<u>3,138,550</u>	<u>-</u>
Total	<u>\$ 29,896,797</u>	<u>\$ 8,447,913</u>	<u>\$ 21,448,884</u>

**Statutory Borrowing Power**

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

	<b><u>2020</u></b>	<b><u>2019</u></b>
3.5% of Equalized Valuation Basis (Municipal)	\$ 62,377,091	\$ 62,111,961
Less: Net Debt	<u>21,339,238</u>	<u>21,448,884</u>
Remaining Borrowing Power	<u>\$ 41,037,853</u>	<u>\$ 40,663,077</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**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 are as follows:

	<u>2020</u>	<u>2019</u>
\$4,165,000, 2010 General Improvement Bonds, due in annual installments of \$1,085,000 to \$1,100,000 through February 15, 2022, interest at 3.00% to 3.15%	\$2,185,000	\$2,735,000
\$3,015,000, 2015 General Improvement Refunding Bonds, due in an annual installments of \$475,000 on July 1, 2020, interest at 1.00%.	-	475,000
\$3,580,000, 2015 General Improvement Bonds, due in annual installments of \$425,000 through May 1, 2025, interest at 1.00% to 2.00%	2,125,000	2,455,000
\$985,000, 2020 General Improvement Bonds, due in annual installments of \$75,000 to \$150,000 through January 15, 2028, interest at 1.30%	<u>985,000</u>	<u>-</u>
	<u>\$5,295,000</u>	<u>\$5,665,000</u>

**Utility Bonds**

The Borough pledges revenue from operations to pay debt service on utility bonds issued. The water utility bonds outstanding at December 31 are as follows:

**Water Utility**

	<u>2020</u>	<u>2019</u>
\$946,000, 2010 Water Utility Bonds, due in annual installments of \$10,000 to \$250,000 through February 15, 2026, interest at 3.00% to 3.60%	\$ 851,000	\$ 861,000
\$2,620,000, 2012 Refunding Bonds, due in annual installments of \$120,000 to \$235,000 through July 15, 2023, interest at 2.00% to 4.00%	535,000	775,000
\$1,075,000, 2015 Water Utility Bonds, due in annual installments of \$25,000 to \$80,000 through May 1, 2030 interest at 1.00% to 3.00%	<u>745,000</u>	<u>825,000</u>
	<u>\$2,131,000</u>	<u>\$2,461,000</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

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

Calendar Year	General		Water Utility		Total
	Principal	Interest	Principal	Interest	
2021	\$ 1,600,000	\$ 107,648	\$ 325,000	\$ 56,250	\$ 2,088,898
2022	1,605,000	58,051	270,000	49,642	1,982,693
2023	525,000	31,195	325,000	42,222	923,417
2024	555,000	21,200	305,000	32,363	913,563
2025	565,000	10,945	330,000	22,716	928,661
2026-2030	<u>445,000</u>	<u>8,743</u>	<u>576,000</u>	<u>25,833</u>	<u>1,055,576</u>
	<u>\$ 5,295,000</u>	<u>\$ 237,782</u>	<u>\$ 2,131,000</u>	<u>\$ 229,026</u>	<u>\$ 7,892,808</u>

**Changes in Long-Term Municipal Debt**

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

	Balance, January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<b><u>2020</u></b>					
General Capital Fund Bonds Payable	<u>\$ 5,665,000</u>	<u>\$ 985,000</u>	<u>\$ 1,355,000</u>	<u>\$ 5,295,000</u>	<u>\$ 1,600,000</u>
General Capital Fund Long-Term Liabilities	<u>\$ 5,665,000</u>	<u>\$ 985,000</u>	<u>\$ 1,355,000</u>	<u>\$ 5,295,000</u>	<u>\$ -</u>
Water Utility Capital Fund Bonds Payable	<u>\$ 2,461,000</u>	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$ 2,131,000</u>	<u>\$ 325,000</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 2,461,000</u>	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$ 2,131,000</u>	<u>\$ 325,000</u>



**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**A. Long-Term Debt (Continued)**

**Changes in Long-Term Municipal Debt (Continued)**

	Balance, January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<b><u>2019</u></b>					
General Capital Fund					
Bonds Payable	\$ 6,985,000	\$ -	\$ 1,320,000	\$ 5,665,000	\$ 1,355,000
General Capital Fund Long-Term					
Liabilities	\$ 6,985,000	\$ -	\$ 1,320,000	\$ 5,665,000	\$ 1,355,000
Water Utility Capital Fund					
Bonds Payable	\$ 2,826,000	\$ -	\$ 365,000	\$ 2,461,000	\$ 330,000
Water Utility Capital Fund Long-Term					
Liabilities	\$ 2,826,000	\$ -	\$ 365,000	\$ 2,461,000	\$ 330,000

**B. Short-Term Debt**

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

**Bond Anticipation Notes**

	Rate <u>(%)</u>	Maturity <u>Date</u>	Balance, January 1, <u>2020</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2020</u>
<b><u>2020</u></b>						
<b><u>General Capital Fund</u></b>						
	<u>Purpose</u>					
Acquisition of Real Property	3.00%	1/24/2020	\$ 1,035,000		\$ 1,035,000	
Acquisition of Real Property	2.50%	4/23/2021	4,285,000	\$ 4,230,759	4,285,000	\$ 4,230,759
Acquisition of Real Property	2.25%	4/23/2021	8,905,000	8,786,455	8,905,000	8,786,455
Various Improvements	1.25%	9/24/2021	2,713,210	3,502,000	2,713,210	3,502,000
Total General Capital Fund			\$ 16,938,210	\$ 16,519,214	\$ 16,938,210	\$ 16,519,214

	Rate <u>(%)</u>	Maturity <u>Date</u>	Balance, January 1, <u>2020</u>	Renewed/ <u>Issued</u>	Retired/ <u>Redeemed</u>	Balance, December 31, <u>2020</u>
<b><u>2020</u></b>						
<b><u>Water Utility Capital Fund</u></b>						
	<u>Purpose</u>					
Various Improvements	1.25%	9/24/2021	\$ 350,000	\$ 278,000	\$ 350,000	\$ 278,000
Total Water Utility Capital Fund			\$ 350,000	\$ 278,000	\$ 350,000	\$ 278,000

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 9 MUNICIPAL DEBT (Continued)**

**B. Short-Term Debt (Continued)**

**Bond Anticipation Notes (Continued)**

<u>2019</u>	Rate (%)	Maturity Date	Balance, January 1, 2019	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2019
<b><u>General Capital Fund</u></b>						
	<u>Purpose</u>					
Acquisition of Real Property	3.00%	1/24/2020	\$ 1,073,000	\$ 1,035,000	\$ 1,073,000	\$ 1,035,000
Acquisition of Real Property	2.75%	4/24/2020	4,285,000	4,285,000	4,285,000	4,285,000
Acquisition of Real Property	2.75%	4/24/2020	8,905,000	8,905,000	8,905,000	8,905,000
Various Improvements	2.25%	9/25/2020	1,062,210	2,713,210	1,062,210	2,713,210
Total General Capital Fund			\$ 15,325,210	\$ 16,938,210	\$ 15,325,210	\$ 16,938,210

<u>2019</u>	Rate (%)	Maturity Date	Balance, January 1, 2019	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2019
<b><u>Water Utility Capital Fund</u></b>						
	<u>Purpose</u>					
Various Improvements	2.25%	9/25/2020	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Total Water Utility Capital Fund			\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000

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

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.

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 10 OTHER LONG-TERM LIABILITIES**

**A. Compensated Absences**

Under the existing policies and labor agreements of the Borough, employees are not allowed to accumulate unused vacation benefits, personal time, 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 upon death, retirement or by extended absence immediately preceding retirement.

**B. Capital Lease Agreement**

The Borough entered into agreements for the leasing of police vehicles totaling \$128,636 under capital leases. The capital lease agreements are for terms of 3 year's payable in advance. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at December 31, 2020.

<u>Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ <u>46,436</u>
Total	46,436
Less: Amounts Representing Interest	<u>3,711</u>
Present Value of Net Minimum Lease Payments	<u>\$ 42,725</u>

The Borough's capital lease activity for the years 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 83,863	
Additions		\$ 128,636
Reductions	<u>41,138</u>	<u>44,773</u>
Balance, December 31	<u>\$ 42,725</u>	<u>\$ 83,863</u>
Due Within One Year	<u>\$ 42,725</u>	<u>\$ 41,138</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

**NOTE 10 OTHER LONG-TERM LIABILITIES (Continued)**

**Changes in Other Long-Term Liabilities**

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

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

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2020</u>	Due Within <u>One Year</u>
<b><u>2020</u></b>					
Capital Leases	\$ 83,863		\$ 41,138	\$ 42,725	\$ 42,725
Net Pension Liability - PERS	4,076,671		502,387	3,574,284	
Net Pension Liability - PFRS	6,346,601	\$ 696,615		7,043,216	
Net OPEB Liability (1)	<u>7,388,840</u>	<u>-</u>	<u>-</u>	<u>7,388,840</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 17,895,975</u>	<u>\$ 696,615</u>	<u>\$ 543,525</u>	<u>\$ 18,049,065</u>	<u>\$ 42,725</u>

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

	Balance January 1, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2019</u>	Due Within <u>One Year</u>
<b><u>2019</u></b>					
Capital Leases		\$ 128,636	\$ 44,773	\$ 83,863	\$ 41,138
Net Pension Liability - PERS	\$ 4,184,576		107,905	4,076,671	
Net Pension Liability - PFRS	6,910,094		563,493	6,346,601	
Net OPEB Liability	<u>8,925,272</u>	<u>-</u>	<u>1,536,432</u>	<u>7,388,840</u>	<u>-</u>
Other Long Term Liabilities	<u>\$ 20,019,942</u>	<u>\$ 128,636</u>	<u>\$ 2,252,603</u>	<u>\$ 17,895,975</u>	<u>\$ 41,138</u>

**NOTE 11 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF ALLENDALE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 and 2019**

**NOTE 11 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](http://www.state.nj.us/treasury/pensions).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> 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 ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 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](http://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 ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 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](http://www.state.nj/treasury/doinvest).

**Collective Net Pension Liability**

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

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

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Employer and Employee Pension Contributions (Contributions)**

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

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS (1)</u>	<u>DCRP</u>
2020	\$ 523,849	\$ 220,074	\$ 7,665
2019	499,247	211,397	6,686
2018	432,574	196,234	7,276

In addition for the years ended December 31, 2020, 2019 and 2018 the Borough contributed for long-term disability insurance premiums (LTDI) \$1,323, \$1,282 and \$4,189, respectively for PERS and \$0 for PFRS.

(1) Includes contributions paid in the Water Operating Fund.

**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 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 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 68 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal year ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

**Public Employees Retirement System (PERS)**

At December 31, 2020 and 2019, the Borough reported a liability of \$3,574,284 and \$4,076,671, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was .02192 percent, which was a decrease of .0007 percent from its proportionate share measured as of June 30, 2019 of .02262 percent.



**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the year ended December 31, 2020 and 2019, the pension system has determined the Borough's pension expense (benefit) to be (\$5,176) and \$37,971 for PERS based on the actuarial valuations which is less than the actual contribution reported in the Borough's financial statements of \$220,074 and \$211,397, respectively. At December 31, 2020 and 2019, the Borough's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the Borough's financial statements are from the following sources:

	2020		2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 65,082	\$ 158,941	\$ 73,171	\$ 18,009
Changes of Assumptions	115,954	1,496,587	407,071	1,414,999
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	122,172	12,640		64,352
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>264,776</u>	<u>-</u>	<u>371,759</u>	<u>197,388</u>
Total	<u>\$ 567,984</u>	<u>\$ 1,668,168</u>	<u>\$ 852,001</u>	<u>\$ 1,694,748</u>

At December 31, 2019 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	\$ (345,118)
2022	(345,118)
2023	(265,165)
2024	(120,079)
2025	(24,704)
Thereafter	<u>-</u>
	<u>\$ (1,100,184)</u>

**BOROUGH OF ALLENDALE  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

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

<u>PERS</u>	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

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

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

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020 and 2019, as reported for the year ended December 31, 2019, are summarized in the following table:

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

***Discount Rate***

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

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

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

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

***Sensitivity of Net Pension Liability***

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

<u>2020</u>	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 4,499,427	\$ 3,574,284	\$ 2,789,275
	1% Decrease <u>(5.28%)</u>	Current Discount Rate <u>(6.28%)</u>	1% Increase <u>(7.28%)</u>
<u>2019</u>			
Borough's Proportionate Share of the PERS Net Pension Liability	\$ 5,149,498	\$ 4,076,671	\$ 3,172,662

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

**BOROUGH OF ALLENDALE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

*Pension Plan Fiduciary Net Position*

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

**Police and Firemen’s Retirement System (PFRS)**

At December 31, 2020 and 2019, the Borough reported a liability of \$7,043,216 and \$6,346,601, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. The Borough’s proportionate share of the net pension liability was based on the ratio of the Borough’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2020, the Borough’s proportionate share was .05451 percent, which was an increase of .00265 percent from its proportionate share measured as of June 30, 2019 of .05186 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the Borough pension expense to be \$612,275 and \$708,293, respectively, for PFRS based on the actuarial valuations which is more than the actual contribution reported in the Borough’s financial statements of \$523,849 and \$499,247, respectively. At December 31, 2020 and 2019, the Borough’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the Borough’s financial statements are from the following sources:

	<u>2020</u>		<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 71,008	\$ 25,277	\$ 53,573	\$ 40,181
Changes of Assumptions	17,724	1,888,244	217,469	2,051,163
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	412,977			85,994
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>671,185</u>	<u>12,436</u>	<u>506,910</u>	<u>46,970</u>
Total	<u>\$ 1,172,894</u>	<u>\$ 1,925,957</u>	<u>\$ 777,952</u>	<u>\$ 2,224,308</u>

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

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

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (239,190)
2022	(239,190)
2023	(191,875)
2024	(61,483)
2025	(21,325)
Thereafter	<u>-</u>
	<u>\$ (753,063)</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. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

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

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

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

**BOROUGH OF ALLENDALE  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2020 and 2019, as reported for the year ended December 31, 2020 and 2019, are summarized in the following table:

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

*Discount Rate*

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

<u>Calendar</u>		
<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

**Police and Firemen’s Retirement System (PFRS) (Continued)**

**Discount Rate (Continued)**

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

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

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

**Sensitivity of Net Pension Liability**

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

<u>2020</u>	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 9,366,028</u>	<u>\$ 7,043,216</u>	<u>\$ 5,113,944</u>
	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
<u>2019</u>			
Borough's Proportionate Share of the PFRS Net Pension Liability	<u>\$ 8,578,292</u>	<u>\$ 6,346,601</u>	<u>\$ 4,499,555</u>

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



**BOROUGH OF ALLENDALE  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS (Continued)**

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

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

***Special Funding Situation – PFRS***

Under N.J.S.A. 43:16A-15, the Borough is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State's proportionate share is 100% for PFRS under this legislation.

At December 31, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,093,075 and \$1,002,140, respectively. For the years ended December 31, 2020 and 2019, the pension system has determined the State's proportionate share of the pension expense attributable to the Borough for the PFRS special funding situation is \$123,878 and \$116,441, respectively, which are more than the actual contribution the State made on behalf of the Borough of \$86,112 and \$67,523, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the Borough was .05451 percent, which was an increase of .00265 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .005186 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](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS**

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

**Plan Description and Benefits Provided**

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

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

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**BOROUGH OF ALLENDALE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Collective Net OPEB Liability**

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

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

**Actuarial Methods and Assumptions**

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

**Post-Retirement Medical Benefits Contribution**

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

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

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The Borough's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2020, 2019 and 2018 were \$210,607, \$218,396 and \$309,276, respectively, which equaled the required contributions for each year. In addition, the Borough's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2020, 2019 and 2018 were \$44,335, \$36,691 and \$48,190, respectively.

**BOROUGH OF ALLENDALE**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 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 75 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2021-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 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 75 financial information for the year ended December 31, 2020 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2019 and 2018. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the Borough reported a liability of \$7,388,840, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Borough’s proportionate share of the net OPEB liability was based on the ratio of the Borough’s proportionate share of the OPEB liability attributable to the Borough at June 30, 2019 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. As of the measurement date of June 30, 2019 the Borough’s proportionate share was .05455 percent, which was a decrease of .00242 percent from its proportionate share measured as of June 30, 2018 of .05697 percent.

For the year ended December 31, 2019, the Plan has determined the Borough’s OPEB expense (benefit) to be \$(248,285) based on the actuarial valuations which are less than the actual contributions reported in the Borough’s financial statements of \$218,396. At December 31, 2019, the Borough’s deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the Borough’s financial statements are from the following sources:

	<u>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 2,160,785
Changes of Assumptions		2,618,441
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 6,086	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	125,731	1,145,528
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 131,817</u>	<u>\$ 5,924,754</u>

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

Year Ending <u>December 31,</u>	<u>Total</u>
2020	\$ (960,878)
2021	(960,879)
2022	(961,372)
2023	(962,181)
2024	(962,849)
Thereafter	<u>(984,778)</u>
	<u>\$ (5,792,937)</u>

**BOROUGH OF ALLENDALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 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*

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

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

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

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

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

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

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

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

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

**Discount Rate**

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

<b>Calendar Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2019	June 30, 2019	3.50%

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

***Sensitivity of Net OPEB Liability to Changes in the Discounts Rate***

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

	<b>1% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1% Increase (4.50%)</b>
<b><u>2019</u></b>			
Borough's Proportionate Share of the Net OPEB Liability	<u>\$ 8,543,379</u>	<u>\$ 7,388,840</u>	<u>\$ 6,450,625</u>

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

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 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 Healthcare Trend Rate*

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

<u>2019</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>\$ 6,235,270</u>	<u>\$ 7,388,840</u>	<u>\$ 8,860,412</u>

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

*Special Funding Situation*

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

At December 31, 2019, the State’s proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$2,780,265. For the year ended December 31, 2019 the plan has determined the State’s proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$36,853. At December 31, 2019, (measurement date June 30, 2019), the State’s share of the OPEB liability attributable to the Borough was .05032 percent, which was a decrease of .00247 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .05279 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.



**BOROUGH OF ALLENDALE  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 12 POST-RETIREMENT MEDICAL BENEFITS (Continued)**

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

*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](http://www.state.nj.us/treasury/pensions).

**NOTE 13 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 Allendale 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.

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 year.

<u>Year Ended</u> <u>December 31</u>	<u>Borough</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020	\$ 10,000	\$ 14,331	\$ 5,439	\$ 81,445
2019	5,000	5,830	30,395	62,215

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 14 CONTINGENT LIABILITIES**

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

**Pending Tax Appeals** - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2020 and 2019. Amounts claimed have not yet been determined. The Borough is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the Borough does not recognize a liability, if any, until these cases have been adjudicated. The Borough expects such amounts, if any, could be material. As of December 31, 2020 and 2019, the Borough reserved \$269,270 and \$197,133, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

**NOTE 15 FEDERAL ARBITRAGE REGULATIONS**

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

**NOTE 16 TAX ABATEMENTS**

For the years ended December 31, 2020 and 2019, the Borough provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law"), the Five-Year Exemption and Abatement Law (the "FYEA) and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2020 and 2019 the Borough abated property taxes totaling \$103,151 and \$100,415, respectively, under the NJHMFA program. The Borough received \$22,000 and \$25,558 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.

**BOROUGH OF ALLENDALE  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 17 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC**

The World Health Organization has declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first discovered in China and has since spread to other countries, including the United States (and to the Borough) (the “COVID-19 Crisis”). On March 13, 2020, President Trump declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, governor of the State of New Jersey, has also instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which alter the behavior of businesses and people, are expected to have negative impacts on regional, state and local economies and significant declines in the financial markets in the United States and volatility attributed to concerns about the duration of the pandemic and its continued economic impact. Recently, the United States Congress has passed relief and stimulus legislation. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and financial markets. It is too early to predict if the legislation will have its intended affect.

In compliance with the Governor’s executive orders, the Borough has instituted necessary precautions and procedures, so as to allow the Borough to continue to provide services during this time. The Borough is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The Borough will continue to collect property taxes and other municipal revenues. As part of a planned multi-stage approach to restart the State’s economy, Governor Murphy has signed a series of Executive Orders beginning April 29, 2020 permitting the resumption of certain activities. Additional Executive Orders relating to the resumption of certain activities may be executed by Governor Murphy in the future as part of the planned multi-stage approach to restart the State’s economy. At this time, it is not possible to predict any other financial impacts as a result of this pandemic on the Borough’s operations; however, such amounts, if any, could be material.

**NOTE 18 SUBSEQUENT EVENTS**

**Bond Anticipation Notes**

On April 23, 2021 the Borough issued bond anticipation notes in the amount of \$8,667,910 to temporarily finance expenditures related to the acquisition of property. The Borough awarded the sale of said notes to Cede and Co. at an interest rate of 2%. These notes dated April 23, 2021 matures on May 24, 2021.

**Sale of Property**

On May 14, 2021 the Borough closed on the sale of property located at 230 West Crescent Avenue. The Borough received proceeds from this sale in the amount of \$8,690,007. The proceeds were utilized to payoff the temporary notes, as described in the preceding paragraph. As a result of this sale, the Borough will receive an annual payment in lieu of taxes (PILOT) on an escalating scale, beginning in 2021 and ending in 2046.

**CURRENT FUND**

**BOROUGH OF ALLENDALE**  
**STATEMENT OF CURRENT CASH - TREASURER**

Balance, January 1, 2020		\$ 3,924,416
Increased by Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 196,275	
Due from State - Senior Citizen and Veteran Dedications	27,500	
Taxes Receivable	40,468,696	
Petty Cash	800	
Revenue Accounts Receivable	2,277,120	
Grant Receivable	1,759	
Prepaid Taxes	324,609	
Tax Overpayments	18,777	
Unappropriated Reserves for Grants	12,879	
State Fees Payable	12,108	
Receipts from Other Trust Fund	10	
Receipts from Animal Control Trust Fund	7,451	
Receipts from Municipal Open Space Trust Fund	4,500	
Receipts from General Capital Fund	719,512	
	<u>44,071,996</u>	
		47,996,412
Decreased by Disbursements:		
Current Year Budget Appropriations	12,808,328	
Appropriation Reserves	240,380	
Encumbrances Payable	157,713	
Petty Cash	800	
Tax Overpayments	51,876	
Accounts Payable	3,347	
Refund Prior Year Revenue	1,522	
Municipal Open Space	84,560	
Local District School Taxes	16,255,052	
Regional High School Taxes	9,826,813	
County Taxes Payable	4,426,672	
Reserve for Tax Appeals	2,863	
Appropriated Reserves for Grants	79,041	
State Fees Payable	14,757	
	<u>43,953,724</u>	
Balance, December 31, 2020		<u>\$ 4,042,688</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF CHANGE FUNDS**

<u>Office</u>	Balance, January 1, <u>2020</u>	Balance, December 31, <u>2020</u>
Tax Collector	\$ 400	\$ 400
	<u>\$ 400</u>	<u>\$ 400</u>

**STATEMENT OF PETTY CASH FUND**

Increased by:	
Disbursed	<u>\$ 800</u>
Decreased by:	
Returned to Treasurer	<u>\$ 800</u>

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

Balance, January 1, 2020	\$ 4,194
Increased by:	
Cash Receipts	\$ 27,500
Deductions Disallowed - Prior Year Taxes	<u>250</u>
	<u>27,750</u>
	31,944
Decreased by:	
Senior Citizen Deductions per Tax Billing	1,500
Veterans Deductions per Tax Billing	<u>25,750</u>
	<u>27,250</u>
Balance, December 31, 2020	<u>\$ 4,694</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

<u>Year</u>	<u>Balance,</u> <u>January 1,</u> <u>2020</u>	<u>Levy</u>	<u>Added</u> <u>Taxes</u>	<u>Senior</u> <u>Citizens' and</u> <u>Veterans</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>	<u>Senior</u> <u>Citizens' and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Remitted</u> <u>or</u> <u>Cancelled</u>	<u>Transferred</u> <u>to Tax</u> <u>Title</u> <u>Liens</u>	<u>Balance,</u> <u>December 31,</u> <u>2020</u>	
					<u>2019</u>	<u>2020</u>				
2019	\$ 206,752			\$ 250		\$ 207,002				
2020	<u>-</u>	<u>\$ 40,641,075</u>	<u>\$ 167,431</u>	<u>-</u>	<u>\$ 287,144</u>	<u>40,261,694</u>	<u>\$ 27,250</u>	<u>\$ 66,278</u>	<u>\$ 2,862</u>	<u>\$ 163,278</u>
	<u>\$ 206,752</u>	<u>\$ 40,641,075</u>	<u>\$ 167,431</u>	<u>\$ 250</u>	<u>\$ 287,144</u>	<u>\$ 40,468,696</u>	<u>\$ 27,250</u>	<u>\$ 66,278</u>	<u>\$ 2,862</u>	<u>\$ 163,278</u>

Analysis of Property Tax Levy

Tax Yield

General Purpose Tax	\$ 40,641,075
Added Taxes (54:4-63.1 et seq.)	<u>167,431</u>
	<u>\$ 40,808,506</u>

Tax Levy

Municipal Open Space Tax	\$ 84,213
Added Municipal Open Space Tax	347
Local District School Tax (Abstract)	16,255,052
Regional High School Tax	9,826,813
County Tax	4,248,104
County Open Space Tax	178,568
Added County Taxes	<u>18,316</u>
	30,611,413

Local Tax for Municipal Purposes  
Add Additional Tax Levied

	10,038,053
	<u>159,040</u>
	<u>10,197,093</u>
	<u>\$ 40,808,506</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF TAX TITLE LIENS**

Balance, January 1, 2020	\$ 82,858
Increased by:	
Transfer from Taxes Receivable	<u>2,862</u>
Balance, December 31, 2020	<u>\$ 85,720</u>

**STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)**

Balance, January 1, 2020	<u>\$ 4,900</u>
Balance, December 31, 2020	<u>\$ 4,900</u>



**BOROUGH OF ALLENDALE**  
**STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2020</u>	Accrued in 2020	<u>Realized</u>	Balance, December 31, <u>2020</u>
Borough Clerk				
Licenses				
Alcoholic Beverages		\$ 15,000	\$ 15,000	
Fees and Permits		13,110	13,110	
Planning Board/Board of Adjustment				
Fees and Permits		4,250	4,250	
Board of Health:				
Fees and Permits		5,403	5,403	
Parking				
Fees and Permits		6,216	6,216	
Municipal Court:				
Fines and Costs		15,532	15,154	\$ 378
Uniform Construction Code:				
Fees and Permits - Building		187,262	187,262	
Interest and Costs on Taxes		55,115	55,115	
Energy Receipts Taxes		1,068,869	1,068,869	
Interest on Investments and Deposits		42,384	42,384	
Engineering Fees		23,077	23,077	
Cable TV Franchise Fees		107,823	107,823	
Cellular Tower Lease		152,864	152,864	
Prior Year Cell Tower Lease		20,000	20,000	
Uniform Fire Safety Act		15,902	15,902	
Garbage Collection		1,912	1,912	
Dues & Fees - Crestwood Lake		294,592	294,592	
Saddle River Sewer Payment	-	42,395	42,395	
Ramsey Sewer Charges		146,293	146,293	
Allendale El. School Contribution to Sewer Use		22,417	22,417	
North. High. Reg. HS Contribution to Sewer Use	-	37,082	37,082	-
	<u>\$ -</u>	<u>\$ 2,277,498</u>	<u>\$ 2,277,120</u>	<u>\$ 378</u>

**BOROUGH OF ALLENDALE**  
**STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance, January 1, <u>2020</u>	Encumbrances <u>Cancelled</u>	Budget After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
<b>Salaries and Wages</b>					
Administrative and Executive	\$ 2,475		\$ 2,475	\$ 2,305	\$ 170
Mayor and Council	2,763		2,763		2,763
Police	29,626		29,626	29,626	
Uniform Fire Safety Act - Fire Official	8,190		8,190		8,190
Municipal Court	27		27		27
Road Repairs and Maintenance	91,614		91,614	8,184	83,430
Construction Code Official	773		773	734	39
Electric Inspector	90		90		90
Zoning Officer/Property Maintenance	153		153	145	8
<b>Other Expenses</b>					
Administrative and Executive	927		927	722	205
Borough Clerk	5,632		5,632	216	5,416
Financial Administration	8,153		8,153	2,041	6,112
Annual Audit	32,498		32,498	32,498	
Collection of Taxes	471	\$ 20	491		491
Assessment of Taxes	4,571		4,571		4,571
Legal Services and Costs	27,100		27,100	1,964	25,136
Engineering	32,874		32,874	15,907	16,967
Planning Board	10,235		10,235	375	9,860
<b>Insurance</b>					
Other Insurance Premiums	53,683		53,683	49,152	4,531
Workers' Compensation Insurance	34,363		34,363	34,363	
Group Insurance Plan for Employees	532		532	532	
Police	70	2,207	2,277	911	1,366
Fire	22,384		22,384	965	21,419
Uniform Fire Safety Act - Fire Official	5,129		5,129		5,129
Municipal Court	6,100		6,100	550	5,550
Public Defender	1,800		1,800	200	1,600
Road Repairs and Maintenance	10,648		10,648	6,990	3,658

**BOROUGH OF ALLENDALE**  
**STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance, January 1, <u>2020</u>	Encumbrances <u>Cancelled</u>	Budget After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Other Expenses (Continued)					
Snow Removal	\$ 24,063		\$ 24,063	\$ 10,960	\$ 13,103
Shade Tree	11,006		11,006	2,678	8,328
Sewer System	10,191	\$ 6,992	17,183		17,183
Garbage and Trash Removal	50,627	1,261	51,888		51,888
Recycling	9,320		9,320	1,230	8,090
Public Buildings and Grounds	9,253	12,098	21,351		21,351
Board of Health	1,668	395	2,063		2,063
Senior Citizens	1,482		1,482		1,482
Animal Control	1,160		1,160	835	325
Municipal Alliance	132		132		132
Parks and Playgrounds	716		716	247	469
Crestwood Lake Swimming & Rec. Facility	1,856		1,856	870	986
Construction Official	1,868		1,868	1,750	118
Zoning Officer/Property Maintenance	500		500	500	-
Radio Equipment Maintenance	1,355		1,355		1,355
Gasoline	30,967		30,967	1,718	29,249
Utilities	46,878		46,878	26,162	20,716
Contingent	25,000		25,000		25,000
Public Employees' Retirement System	-	0.57	0.57		0.57
Social Security (O.A.S.I.)	38,215		38,215	3,102	35,113
Defined Contribution Retirement Plan	3,314		3,314	405	2,909
Long Term Disability Assessment	-	1.45	1.45		1.45
Borough of Waldwick - Well Baby	675		675	80	595
Borough of Hohokus - Municipal Court	14,031	-	14,031	10,316	3,715
	<u>\$ 677,158</u>	<u>\$ 22,975</u>	<u>\$ 700,133</u>	<u>\$ 249,233</u>	<u>\$ 450,900</u>
Appropriation Reserves			\$ 677,158		
Prior Year Encumbrances			<u>22,975</u>		
			<u>\$ 700,133</u>		
Cash Disbursed				\$ 240,380	
Transfer to Accounts Payable				<u>8,853</u>	
				<u>\$ 249,233</u>	

**BOROUGH OF ALLENDALE  
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2020		\$ 180,688
Increased by:		
Transfer from Current Appropriations		<u>298,411</u>
		479,099
Decreased by:		
Cash Disbursement	\$ 157,713	
Cancelled to Appropriation Reserves	<u>22,975</u>	
		<u>180,688</u>
Balance, December 31, 2020		<u>\$ 298,411</u>

**STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2020		\$ 3,347
Increased by:		
Transfer from Appropriation Reserves		<u>8,853</u>
		12,200
Decreased by:		
Cash Disbursements		<u>3,347</u>
Balance, December 31, 2020		<u>\$ 8,853</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF PREPAID TAXES**

Balance, January 1, 2020	\$	287,144
Increased by:		
Cash Receipts		<u>324,609</u>
		611,753
Decreased by:		
Applied in 2020 Taxes		<u>287,144</u>
Balance, December 31, 2020	\$	<u>324,609</u>

EXHIBIT A-16

**STATEMENT OF LOCAL DISTRICT SCHOOL TAXES**

Increased by:		
Levy Calendar Year, 2020	\$	<u>16,255,052</u>
Decreased by:		
Payments	\$	<u>16,255,052</u>

EXHIBIT A-17

**STATEMENT OF REGIONAL HIGH SCHOOL TAX**

Increased by:		
Levy Calendar Year, 2020	\$	<u>9,826,813</u>
Decreased by:		
Payments	\$	<u>9,826,813</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
Levy Calendar Year, 2020	\$ 4,248,104	
Levy- Open space Preservation- 2020	178,568	
Added and Omitted Taxes	<u>18,316</u>	
		\$ 4,444,988
Decreased by:		
Payments		<u>4,426,672</u>
Balance, December 31, 2020		<u>\$ 18,316</u>

EXHIBIT A-19

**STATEMENT OF DUE TO MUNICIPAL OPEN SPACE TRUST FUND**

Increased by:		
Tax Levy- 2020	\$ 84,213	
Added and Omitted Taxes	<u>347</u>	
		\$ 84,560
Decreased by:		
Cash Disbursed		<u>\$ 84,560</u>

EXHIBIT A-20

**STATEMENT OF TAX OVERPAYMENTS**

Balance, January 1, 2020		\$ 51,876
Increased by:		
Cash Receipts		<u>18,777</u>
		70,653
Decreased by:		
Cash Disbursements		<u>51,876</u>
Balance, December 31, 2020		<u>\$ 18,777</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF RESERVE FOR TAX APPEALS**

Balance, January 1, 2020	\$ 197,133
Increased by:	
Transfer from Current Year Appropriations	<u>75,000</u>
	272,133
Decreased by:	
Cash Disbursements	<u>2,863</u>
Balance, December 31, 2020	<u><u>\$ 269,270</u></u>

**BOROUGH OF ALLENDALE  
STATEMENT OF STATE FEES PAYABLE**

	Balance, January 1, <u>2020</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2020</u>
Construction- DCA	\$ 4,206	\$ 11,718	\$ 14,101	\$ 1,823
Marriage License	150		150	
Parking Sales Tax	<u>181</u>	<u>390</u>	<u>506</u>	<u>65</u>
	<u>\$ 4,537</u>	<u>\$ 12,108</u>	<u>\$ 14,757</u>	<u>\$ 1,888</u>

**STATEMENT OF DEFERRED CHARGES**

	Balance, January 1, <u>2020</u>	Authorized in <u>2020</u>	2020 Budget <u>Appropriation</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
Emergency Authorization (40A:4-47)	\$ 55,000		\$ 55,000		
Special Emergency Authorization - COVID19	<u>-</u>	<u>\$ 260,000</u>	<u>-</u>	<u>\$ 16,000</u>	<u>\$ 244,000</u>
	<u>\$ 55,000</u>	<u>\$ 260,000</u>	<u>\$ 55,000</u>	<u>\$ 16,000</u>	<u>\$ 244,000</u>



**BOROUGH OF ALLENDALE  
SCHEDULE OF GRANTS RECEIVABLE  
FEDERAL AND GRANT FUND**

<u>Grant</u>	Balance, January 1, 2020	<u>Accrued</u>	Cash <u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, 2020
Federal Grants:					
Community Development Block Grant	\$ 15,350	-	-	\$ 15,350	-
	<u>15,350</u>	<u>-</u>	<u>-</u>	<u>15,350</u>	<u>-</u>
State Grants:					
Body Armor Replacement Fund	-	\$ 1,759	\$ 1,759	-	-
	<u>-</u>	<u>1,759</u>	<u>1,759</u>	<u>-</u>	<u>-</u>
	<u>\$ 15,350</u>	<u>\$ 1,759</u>	<u>\$ 1,759</u>	<u>\$ 15,350</u>	<u>\$ -</u>

EXHIBIT A-25

**SCHEDULE OF APPROPRIATED RESERVES FOR GRANTS  
FEDERAL AND STATE GRANT FUND**

<u>Grant</u>	Balance, January 1, 2020	Transfer From Current <u>Appropriations</u>	Cash <u>Disbursed</u>	<u>Cancelled</u>	Balance, December 31, 2020
Local Grants:					
Bergen Cty JIF - Police Accreditation Grant	\$ 2,289	-	-	-	\$ 2,289
	<u>2,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,289</u>
Federal Grants:					
Community Development Block Grant	15,350	-	-	\$ 15,350	-
	<u>15,350</u>	<u>-</u>	<u>-</u>	<u>15,350</u>	<u>-</u>
State Grants:					
Drunk Driving Enforcement Fund	4,109		\$ 1,101		3,008
Recycling Grant	13,920	\$ 8,459	1,290		21,089
NJ SLA HEOP Grant	2,406				2,406
Clean Communities Grant	85,301	14,284	76,650		22,935
Body Armor Replacement Fund		1,759			1,759
Green Communities Challenge Grant	2,000	-	-	-	2,000
	<u>107,736</u>	<u>24,502</u>	<u>79,041</u>	<u>-</u>	<u>53,197</u>
	<u>\$ 125,375</u>	<u>\$ 24,502</u>	<u>\$ 79,041</u>	<u>\$ 15,350</u>	<u>\$ 55,486</u>

**BOROUGH OF ALLENDALE  
SCHEDULE OF UNAPPROPRIATED RESERVES FOR GRANTS  
FEDERAL AND GRANT FUND**

<u>Grant</u>	Balance, January 1, <u>2020</u>	Realized as Budgeted <u>Revenue</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2020</u>
State Grants:				
Recycling Tonnage Grant	\$ 8,459	\$ 8,459		
Clean Communities	<u>14,284</u>	<u>14,284</u>	\$ 12,879	<u>\$ 12,879</u>
	<u>\$ 22,743</u>	<u>\$ 22,743</u>	<u>\$ 12,879</u>	<u>\$ 12,879</u>

**TRUST FUNDS**

**BOROUGH OF ALLENDALE  
STATEMENT OF CASH - TREASURER**

	Animal Control <u>Fund</u>	Other Trust <u>Fund</u>	Municipal Open Space Preservation <u>Trust Fund</u>
Balance, January 1, 2020	\$ 15,739	\$ 899,660	\$ 85,854
Increased by Receipts:			
Animal License Fees - Borough Share	\$ 4,177		
Dog License Fees - State Share	589		
Miscellaneous Reserves		\$ 212,963	
Employee Contributions		14,331	
Budget Appropriation		10,000	
Municipal Open Space Tax Levy			\$ 84,560
Payroll Salaries and Withholdings		6,682,475	
Interest on Deposits	-	338	199
	<u>20,505</u>	<u>6,920,107</u>	<u>170,613</u>
	20,505	7,819,767	170,613
Decreased by:			
Reserve for Animal Expenditures	3,157		
State Share - Dog Licenses	586		
Miscellaneous Reserves		164,676	
Payroll Salaries and Withholdings		6,679,228	
Reserve for Unemployment		5,439	
Reserve for Municipal Open Space			80,964
Payments to Current Fund	<u>7,451</u>	<u>10</u>	<u>4,500</u>
	<u>11,194</u>	<u>6,849,353</u>	<u>85,464</u>
Balance, December 31, 2020	<u>\$ 9,311</u>	<u>\$ 970,414</u>	<u>\$ 85,149</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF RESERVE FOR ANIMAL LICENSE EXPENDITURES  
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2020		\$	8,291
Increased by:			
Dog License Fees		\$	4,030
Cat License Fees			147
			4,177
			12,468
Decreased by:			
Expenditures R.S. 4:19-1511			3,157
Balance, December 31, 2020		\$	9,311

**Animal License Fees Collected**

Year	Amount
2018	\$ 4,832
2019	5,173
	\$ 10,005

**STATEMENT OF DUE FROM STATE OF NEW JERSEY  
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2020		\$	3
Increased by:			
Payments to State			586
			589
Decreased by:			
State Fees Collected			589
Balance, December 31, 2020		\$	-

**BOROUGH OF ALLENDALE  
STATEMENT OF DUE TO CURRENT FUND  
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2020		\$ <u>7,451</u>
Decreased by:		
Payments to Current Fund		\$ <u>7,451</u>

**STATEMENT OF RESERVE FOR OPEN SPACE TRUST  
OPEN SPACE PRESERVATION TRUST FUND**

Balance, January 1, 2020		\$ 85,854
Increased by:		
2020 Tax Levy	\$ 84,213	
2020 Added Taxes	347	
Interest Earned on Deposits	<u>199</u>	
		<u>84,759</u>
		170,613
Decreased by:		
Cash Disbursements	80,964	
Realized as Current Fund Budgeted Revenue	<u>4,500</u>	
		<u>85,464</u>
Balance, December 31, 2020		\$ <u>85,149</u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT INSURANCE BENEFITS  
OTHER TRUST FUND**

Balance, January 1, 2020		\$ 62,215
Increased by:		
Budget Appropriation	\$ 10,000	
Employee Contributions	14,331	
Interest Earned on Deposits	<u>338</u>	
		<u>24,669</u>
		86,884
Decreased by:		
Unemployment Insurance Benefit Claims		<u>5,439</u>
Balance, December 31, 2020		\$ <u>81,445</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF MISCELLANEOUS RESERVES  
OTHER TRUST FUND**

	Balance January 1, <u>2020</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance December 31, <u>2020</u>
Developers Escrow	\$ 119,124	\$ 68		\$ 119,192
Municipal Court - P.O.A.A.	168	20	\$ 168	20
Recycling	76,360	2,810	7,566	71,604
Escrow Deposits	188,042	45,754	35,804	197,992
Vacant Property Escrow	14,000			14,000
Housing Trust	198,204	128,232	69,155	257,281
Municipal Alliance Donations	4,476			4,476
Rental Deposits	5,200	1,000	2,000	4,200
ATT Tower	11,762	64		11,826
Improvement and Beautification	32,015	4,637	5,228	31,424
9/11 Memorial	17,045	707	3,551	14,201
Police Donations	18,298	950	705	18,543
Orchard Commons Donation	4,488			4,488
Tax Sale Premiums	48,500			48,500
CERT Donations	283			283
Flex Spending	312	6,510	5,147	1,675
Crestwood Cruisers	15,877			15,877
Storm Recovery	22,404	14,823	24,958	12,269
Police Outside Duty	8,354	7,388	10,394	5,348
Video Equipment Surcharge	100	-	-	100
	<u>\$ 785,012</u>	<u>\$ 212,963</u>	<u>\$ 164,676</u>	<u>\$ 833,299</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF RESERVE FOR PAYROLL SALARIES & WITHHOLDINGS PAYABLE  
OTHER TRUST FUND**

Balance, January 1, 2020	\$	52,423
Increased by:		
Cash Receipts		<u>6,682,475</u>
		6,734,898
Decreased by:		
Cash Disbursements		<u>6,679,228</u>
 Balance, December 31, 2020	 \$	 <u>55,670</u>

EXHIBIT B-11

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

Balance, January 1, 2020	\$	<u>10</u>
Decreased by:		
Payments to Current Fund		<u>10</u>



**GENERAL CAPITAL FUND**

**BOROUGH OF ALLENDALE  
STATEMENT OF GENERAL CAPITAL CASH**

Balance, January 1, 2020		\$ 2,188,423
Increased by Receipts:		
Premium on Sale of Bond Anticipation Notes	\$ 59,788	
Grant and Other Receivables	325,853	
Deferred Charges - Unfunded- Paid by Current Fund Budget Appropriation	4,500	
Serial Bonds	985,000	
Bond Anticipation Notes	578,662	
Capital Improvement Fund	<u>46,000</u>	
		<u>1,999,803</u>
		4,188,226
Decreased by Disbursements:		
Bond Anticipation Notes	985,000	
Improvement Authorizations	1,020,026	
Contracts Payable	299,733	
Reserve for Municipal Improvements	8,290	
Payments to Current Fund	<u>719,512</u>	
		<u>3,032,561</u>
Balance, December 31, 2020		<u>\$ 1,155,665</u>

**BOROUGH OF ALLENDALE  
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2020</u>
Fund Balance		\$ 78,946
Grant/Other Receivables		(806,278)
Due from Water Utility Capital Fund		(278,000)
Capital Improvement Fund		112
Reserve for Municipal Improvements		35,510
Reserve for Debt Service		624,866
Contacts Payable		599,111
Excess Note Proceeds		41,219
Ord.		
No.	<u>Improvement Authorization</u>	
07-13	Acquisition of Real Property	(14,100)
12-05	Various Improvements	10,867
15-04	Various Improvements	12,160
15-18	Engineering for Capital Projects	7,887
16-04	Various Improvements	35,098
17-02/20-21	Acquisition of Real Property	15,097
17-05	Various Improvements	47,827
18-09	Various Improvements	43,138
19-06	Various Improvements	224,778
20-08	Various Improvements	<u>477,427</u>
		<u>\$ 1,155,665</u>

EXHIBIT C-4

**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance, January 1, 2020	\$ 5,665,000
Increased by:	
Serial Bonds Issued	<u>985,000</u>
	6,650,000
Decreased by:	
Budget Appropriation to Pay Bonds	<u>1,355,000</u>
Balance, December 31, 2020	<u>\$ 5,295,000</u>

**BOROUGH OF ALLENDALE**  
**STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Improvement Description	Balance, January 1, 2020	Authorized 2020	Serial Bonds Issued	Notes Paid by Budget Appropriation	Budget Appropriation	Paid by Municipal Open Space	Authorizations Cancelled	Balance, December 31, 2020	Analysis of Balance, December 31, 2020		
										Bond Anticipation Notes	Expenditures	Improvement Authorizations Unfunded
07-13	Acquisition of Real Property	\$ 1,053,600		\$ 985,000		\$ 4,500	\$ 50,000		\$ 14,100		\$ 14,100	
16-04	Various Improvements	480,000			\$ 27,714			\$ 14,785	437,501	\$ 437,501		
17-02/20-21	Acquisition of Real Property	13,190,000	\$ 114,000		172,786				13,131,214	13,017,214		\$ 114,000
17-05	Various Improvements	582,210			40,158			14,409	527,643	527,643		
18-09	Various Improvements	842,000						2,025	839,975	839,975		
19-06	Various Improvements	809,000						10,000	799,000	799,000		
20-08	Various Improvements	-	857,000	-	-	-	-	-	857,000	856,662	-	338
		<u>\$ 16,956,810</u>	<u>\$ 971,000</u>	<u>\$ 985,000</u>	<u>\$ 240,658</u>	<u>\$ 4,500</u>	<u>\$ 50,000</u>	<u>\$ 41,219</u>	<u>\$ 16,606,433</u>	<u>\$ 16,477,995</u>	<u>\$ 14,100</u>	<u>\$ 114,338</u>
										Bond Anticipation Notes		\$ 16,519,214
										Less: Excess Note Proceeds		
										Ordinance 16-04	\$ 14,785	
										Ordinance 17-05	14,409	
										Ordinance 18-05	2,025	
										Ordinance 19-06	<u>10,000</u>	
											<u>41,219</u>	
											<u>\$ 16,477,995</u>	
										Improvement Authorizations Unfunded		\$ 957,703
										Less: Unexpended Bond Anticipation Note Proceeds		
										Ord. #16-04	\$ 35,098	
										Ord. #17-02/20-21	15,097	
										Ord. #17-05	47,827	
										Ord. #18-09	43,138	
										Ord. #19-06	224,778	
										Ord. #20-08	<u>477,427</u>	
												<u>843,365</u>
												<u>\$ 114,338</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, January 1, 2020		2020 Authorizations			Contract Payable Cancelled	Paid or Charged	Authorizations Cancelled	Balance, December 31, 2020	
				Funded	Unfunded	Grants Receivable	Capital Improvement Fund	Deferred Charges Unfunded				Funded	Unfunded
<b>General Improvements</b>													
07-13	Acquisition of Real Property	8/9/2007	\$ 4,763,000		\$ 6,800					\$ 6,800			
12-05	Various Improvements	3/22/2012	181,000	\$ 10,867								\$ 10,867	
13-15	Various Road Improvements	8/8/2013	195,000	18,191						13,487	\$ 4,704		
14-03	Various Improvements	3/13/2014	628,000	-				\$ 561			561		
15-04	Various Improvements	3/12/2015	1,081,000	42,098						7,875	22,063	12,160	
15-18	Engineering for Capital Projects	5/14/2015	35,000	11,600						3,713		7,887	
16-04	Various Improvements	3/10/2016	645,000		75,787					19,022	21,667		\$ 35,098
17-02/20-21	Acquisition of Real Property	1/26/2017, 12/17/2020	14,470,000		164,277		\$ 6,000	\$ 114,000		155,180			129,097
17-05	Various Improvements	3/23/2017	924,500		81,389				6,447		40,009		47,827
18-09	Various Improvements	4/12/2018	1,138,200	55,920	226,851					237,107	2,526		43,138
19-06	Various Improvements	4/25/2019	1,142,500		312,892					78,114	10,000		224,778
20-08	Various Improvements	4/16/2020	1,575,604	-	-	\$ 675,604	43,000	857,000	-	1,097,839	-	-	477,765
				<u>\$ 138,676</u>	<u>\$ 867,996</u>	<u>\$ 675,604</u>	<u>\$ 49,000</u>	<u>\$ 971,000</u>	<u>\$ 7,008</u>	<u>\$1,619,137</u>	<u>\$ 101,530</u>	<u>\$ 30,914</u>	<u>\$ 957,703</u>
										Cash Disbursed	\$1,020,026		
										Contracts Payable	599,111		
											<u>\$1,619,137</u>		
										Deferred Charges Unfunded	\$ 41,219		
										Grants Receivable	38,859		
										Reserve for Payment of Debt	21,452		
											<u>\$ 101,530</u>		

**BOROUGH OF ALLENDALE  
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2020</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements	2/15/2010	\$ 4,165,000	2/15/2021	\$1,100,000					
			2/15/2022	1,085,000	3.00%- 3.15%	\$ 2,735,000		\$ 550,000	\$ 2,185,000
Refunding Bonds	5/7/2015	3,015,000				475,000		475,000	
General Improvements	5/7/2015	3,580,000	5/01/2021-25	425,000	1.00% - 2.00%	2,455,000		330,000	2,125,000
General Improvements	1/23/2020	985,000	1/15/2021	75,000	1.30%				
			1/15/2022	95,000	1.30%				
			1/15/2023	100,000	1.30%				
			1/15/2024	130,000	1.30%				
			1/15/2025	140,000	1.30%				
			1/15/2026	145,000	1.30%				
			1/15/2027-2028	150,000	1.30%	-	\$ 985,000	-	985,000
						<u>\$ 5,665,000</u>	<u>\$ 985,000</u>	<u>\$ 1,355,000</u>	<u>\$ 5,295,000</u>
								<u>\$ 1,355,000</u>	

**BOROUGH OF ALLENDALE  
STATEMENT OF BOND ANTICIPATION NOTES**

Ord. No.	Improvement Description	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 202	Increased	Decreased	Balance, December 31, 2020
07-13	Acquisition of Real Property	2/26/2009	1/25/2019	1/24/2020	3.00 %	\$ 1,035,000		\$ 1,035,000	
17-02	Acquisition of Real Property	4/26/2017	4/24/2020	4/23/2021	2.50		\$ 4,230,759		\$ 4,230,759
			4/26/2019	4/24/2020	2.75	4,285,000		4,285,000	
17-02	Acquisition of Real Property	4/26/2017	4/24/2020	4/23/2021	2.25		8,786,455		8,786,455
			4/26/2019	4/24/2020	2.75	8,905,000		8,905,000	
16-04	Various Improvements	9/26/2017	9/25/2020	9/24/2021	1.25		452,286		452,286
			9/26/2019	9/25/2020	2.25	480,000		480,000	
17-05	Various Improvements	9/26/2017	9/25/2020	9/24/2021	1.25		542,052		542,052
			9/26/2019	9/25/2020	2.25	582,210		582,210	
18-09	Various Improvements	9/26/2019	9/25/2020	9/24/2021	1.25		842,000		842,000
			9/26/2019	9/25/2020	2.25	842,000		842,000	
19-06	Various Improvements	9/26/2019	9/25/2020	9/24/2021	1.25		809,000		809,000
			9/26/2019	9/25/2020	2.25	809,000	-	809,000	
20-08	Various Improvements	9/25/2020	9/25/2020	9/24/2021	1.25	-	856,662	-	856,662
						<u>\$ 16,938,210</u>	<u>\$ 16,519,214</u>	<u>\$ 16,938,210</u>	<u>\$ 16,519,214</u>
							\$ 15,662,552	\$ 15,662,552	
							578,662		
							278,000		
								985,000	
								240,658	
							-	50,000	
							<u>\$ 16,519,214</u>	<u>\$ 16,938,210</u>	

**BOROUGH OF ALLENDALE**  
**STATEMENT OF GRANT RECEIVABLES/OTHER RECEIVABLES**

	Balance, January 1, <u>2020</u>	2020 Grant <u>Awards</u>	Cash <u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
New Jersey Department of Transportation (DOT)					
Ordinance 08-09	\$ 1,079				\$ 1,079
Ordinance 15-04 - W. Allendale Ave.	5,738			\$ 5,738	
Ordinance 15-04 - Boroline Rd.	138			138	
Ordinance 16-04 W. Allendale/Maple	6,883			6,883	
Ordinance 18-09/20-08 - Downtown/DeMercurio	220,000	\$ 442,000			662,000
Other					
Ordinance 13-09 - Borough of Ramsey	3,948				3,948
Community Development Block Grants (CDBG)					
Ordinance 17-05	25,600			25,600	
Ordinance 19-06	142,500		\$ 142,249		251
Federal Emergency Management Agency (FEMA)					
Ordinance 20-08		183,604	183,604		-
Bergen County Open Space					
Ordinance 17-05	39,000				39,000
Ordinance 18-09/20-08	500	50,000		500	50,000
Ordinance 19-06	50,000	-	-	-	50,000
	<u>\$ 495,386</u>	<u>\$ 675,604</u>	<u>\$ 325,853</u>	<u>\$ 38,859</u>	<u>\$ 806,278</u>



**BOROUGH OF ALLENDALE  
STATEMENT OF CAPITAL IMPROVEMENT FUND**

Balance, January 1, 2020	\$ 3,112
Increased by:	
2020 Budget Appropriation	<u>46,000</u>
	49,112
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>49,000</u>
Balance, December 31, 2020	<u>\$ 112</u>

EXHIBIT C-11

**STATEMENT OF RESERVE FOR MUNICIPAL IMPROVEMENTS**

Balance, January 1, 2020	\$ 43,800
Decreased by:	
Cash Disbursements	<u>8,290</u>
Balance, December 31, 2020	<u>\$ 35,510</u>

EXHIBIT C-12

**STATEMENT OF RESERVE FOR DEBT SERVICE**

Balance, January 1, 2020	\$ 1,172,926
Increased by:	
Cancellation of Improvement Authorizations	<u>21,452</u>
	\$ 1,194,378
Decreased by:	
Realized as Current Fund Anticipated Revenue	<u>569,512</u>
Balance, December 31, 2020	<u>\$ 624,866</u>

EXHIBIT C-13

**STATEMENT OF CONTRACTS PAYABLE**

Balance, January 1, 2020	\$ 306,741
Increased by:	
Contract Awards	<u>599,111</u>
	905,852
Decreased by:	
Cash Disbursements	\$ 299,733
Cancellations	<u>7,008</u>
	<u>306,741</u>
Balance, December 31, 2020	<u>\$ 599,111</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, January 1, <u>2020</u>	Authorized <u>2020</u>	Paid by Budget <u>Appropriation</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2020</u>
07-13	Acquisition of Real Property	\$ 18,600		\$ 4,500		\$ 14,100
20-08	Various Improvements		\$ 857,000		\$ 856,662	338
20-21 (17-02)	Acquisition of Real Property	<u>-</u>	<u>114,000</u>	<u>-</u>	<u>-</u>	<u>114,000</u>
		<u>\$ 18,600</u>	<u>\$ 971,000</u>	<u>\$ 4,500</u>	<u>\$ 856,662</u>	<u>\$ 128,438</u>

**WATER UTILITY FUND**

**BOROUGH OF ALLENDALE  
STATEMENT OF CASH- TREASURER  
WATER UTILITY FUND**

	<u>Operating</u>	<u>Capital</u>
Balance, January 1, 2020	\$ 417,893	\$ 1,305,460
Increased by Receipts:		
Water Utility Rents Receivable	\$ 1,751,253	
Facilities Charge	234,267	
Miscellaneous Revenue	52,245	
General Capital Fund Receipts		
Deposited in Water Utility Capital Fund		\$ 278,000
Receipts from Water Utility Capital Fund	<u>72,000</u>	<u>-</u>
	<u>2,109,765</u>	<u>278,000</u>
	2,527,658	1,583,460
Decreased by Disbursements:		
2020 Budget Appropriations	1,714,828	
2019 Appropriation Reserves	11,002	
Encumbrances Payable	147,714	
Accrued Interest	70,532	
Payments to Water Utility Operating Fund		72,000
Improvement Authorizations		96,161
Contracts Payable	<u>-</u>	<u>15,408</u>
	<u>1,944,076</u>	<u>183,569</u>
Balance, December 31, 2020	<u>\$ 583,582</u>	<u>\$ 1,399,891</u>

**BOROUGH OF ALLENDALE  
ANALYSIS OF WATER UTILITY CAPITAL CASH**

		Balance, December 31, <u>2020</u>
Fund Balance		\$ 20,013
Capital Improvement Fund		3
Reserve for Capital Infrastructure		793,893
Contracts Payable		71,564
Due to General Capital Fund		278,000
Reserve for Payment of Bonds		426
Ord.		
<u>No.</u>	<u>Improvement Authorization</u>	
12-06	Various Public Improvements	16,000
14-06	Various Public Improvements	6,651
15-05	Various Public Improvements	394
16-05	Various Public Improvements	104,121
18-10	Various Public Improvements	(20,461)
20-05	Various Improvements	<u>129,287</u>
		<u>\$ 1,399,891</u>

EXHIBIT D-7

**STATEMENT OF WATER UTILITY ACCOUNTS RECEIVABLE  
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2020</u>	Billing Levy	Collected In <u>2020</u>	Balance, December 31, <u>2020</u>
Water Rents	\$ <u>372,707</u>	\$ <u>1,881,130</u>	\$ <u>1,751,253</u>	\$ <u>502,584</u>
	<u>\$ 372,707</u>	<u>\$ 1,881,130</u>	<u>\$ 1,751,253</u>	<u>\$ 502,584</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF FIXED CAPITAL  
WATER UTILITY CAPITAL FUND**

	Balance, January 1, <u>2020</u>	<u>Additions</u>		Balance, December 31, <u>2020</u>
		<u>Ordinances</u>	<u>Budget Capital Infrast.</u>	
Springs and Wells	\$ 312,272			\$ 312,272
Pumping Station Land	8,341			8,341
Pumping Station Equipment	35,451			35,451
Electric Power Pumping Equipment	48,448			48,448
Chemical Treatment Plant	40,020			40,020
Storage Reservoir Land	14,795			14,795
Storage Reservoirs and Tanks	533,000			533,000
Distribution Mains and Accessories	511,888			511,888
Metes and Meter Boxes	134,792			134,792
Fire Hydrants	152,181			152,181
Structure and Improvements	352,859			352,859
Office Furniture and Fixtures	6,893			6,893
Transportation Equipment	176,703			176,703
General Equipment	580,166			580,166
Water Study	38,912			38,912
Construction of Water System Improvements	69,753			69,753
Reconstruction of Water Storage Tank	300,000			300,000
Repairs to Well #11	10,472			10,472
Lowry Air Stripper - Well #15	10,758			10,758
Repairs to Well #15	57,959			57,959
Well #17 Transmitter	3,390			3,390
Office Equipment	1,096			1,096
Study of Mahaw Interconnection	14,000			14,000
Dehumidifiers for Wells	518			518
New Street Wells	853			853
Repairs to Well #4	5,711			5,711
Improvement of Wells #2 and #4	36,817			36,817
Communication Equipment	51,148			51,148
Construction of Water Main	463,780			463,780
Improvements to Water Mains	155,044			155,044
Remediation to Wells #2, #4 and #15	993,153			993,153
Various Improvements	2,280,241			2,280,241
Computer Mapping	4,930			4,930
Water Line Improvements	246,632			246,632
Pump at Fairhaven Water Tank	168,000			168,000
Chlorine Monitors	11,908			11,908
Various Water Improvements and Acquisition of Equip.	573,146	\$ 31,000	-	604,146
	<u>\$ 8,406,030</u>	<u>\$ 31,000</u>	<u>\$ -</u>	<u>\$ 8,437,030</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED  
WATER UTILITY OPERATING FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	Balance, January 1, <u>2020</u>	2020 <u>Authorizations</u>	Costs to Fixed <u>Capital</u>	Balance, December 31, <u>2020</u>
12-06	Various Public Improvements	3/22/2012	44,000	\$ 44,000			\$ 44,000
14-06	Various Improvements	4/24/2014	785,000	688,761			688,761
15-05	Various Improvements	3/12/2015	479,000	404,313			404,313
16-05	Various Improvements	3/10/2016	350,000	350,000			350,000
18-10	Various Improvements	4/12/2018	325,000	325,000			325,000
19-07	Installation and Acquisition of Hydrants and Water Meters	5/9/2019	31,000	31,000		\$ 31,000	
20-05	Various Improvements	4/16/2020		-	\$ 171,000	-	171,000
				<u>\$ 1,843,074</u>	<u>\$ 171,000</u>	<u>\$ 31,000</u>	<u>\$ 1,983,074</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF ENCUMBRANCES PAYABLE  
WATER UTILITY OPERATING FUND**

Balance, January 1, 2020	\$ 147,714
Increased by:	
Charges to 2020 Budget Appropriations	<u>88,085</u>
	235,799
Decreased by:	
Cash Disbursements	<u>147,714</u>
Balance, December 31, 2020	<u>\$ 88,085</u>

EXHIBIT D-11

**STATEMENT OF APPROPRIATION RESERVES  
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2020</u>	Balance After <u>Modification</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
OPERATING				
Salaries & Wages	\$ 546	\$ 546	\$ 546	
Other Expenses	18,035	18,035	5,559	\$ 12,476
Purchase of Water	34,930	34,930	4,897	30,033
STATUTORY EXPENDITURES				
Social Security System (O.A.S.I.)	<u>582</u>	<u>582</u>	-	<u>582</u>
	<u>\$ 54,093</u>	<u>\$ 54,093</u>	<u>\$ 11,002</u>	<u>\$ 43,091</u>
Appropriation Reserves		<u>\$ 54,093</u>		
Cash Disbursements			<u>\$ 11,002</u>	



**BOROUGH OF ALLENDALE  
STATEMENT OF ACCRUED INTEREST  
WATER UTILITY OPERATING FUND**

Balance, January 1, 2020	\$ 23,171
Increased by:	
2020 Budget Appropriation	<u>66,957</u>
	90,128
Decreased by:	
Interest Paid	<u>70,532</u>
Balance, December 31, 2020	<u>\$ 19,596</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF GENERAL SERIAL BONDS  
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding December 31, 2020</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>					
Water Bonds of 2010	2/15/2010	\$ 946,000	02/15/21-22	\$ 10,000	3.00% - 3.60%	\$ 861,000			
			2/15/2023	125,000					
			2/15/2024	225,000					
			2/15/2025	250,000					
			2/15/2026	231,000					
Refunding Bonds of 2012	10/25/2012	\$ 2,620,000	7/15/2021	235,000	2.00% - 4.00%	775,000		240,000	535,000
			7/15/2022	180,000					
			7/15/2023	120,000					
Water Bonds of 2015	5/1/2015	\$ 1,075,000	05/01/21-29	80,000	1.00% - 3.00%	825,000	-	80,000	745,000
			5/1/2030	25,000					
						<u>\$ 2,461,000</u>	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$ 2,131,000</u>
Paid by Budget Appropriation								<u>\$ 330,000</u>	

**BOROUGH OF ALLENDALE  
STATEMENT OF BOND ANTICIPATION NOTES  
WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Date of Issue of Original Notes	Date of Issue	Date of Maturity	Interest Rate	Balance, January 1, 2020	<u>Increased</u>	<u>Decreased</u>	Balance, December 31, 2020
16-05	Various Improvements	9/26/2017	9/25/2020	9/24/2021	1.25 %		\$ 278,000		\$ 278,000
			9/26/2019	9/25/2020	2.25	\$ 350,000	-	\$ 350,000	-
						<u>\$ 350,000</u>	<u>\$ 278,000</u>	<u>\$ 350,000</u>	<u>\$ 278,000</u>
							Renewals \$ 278,000	\$ 278,000	
							Paid by Budget Appropriation -	72,000	
							<u>\$ 278,000</u>	<u>\$ 350,000</u>	

**BOROUGH OF ALLENDALE  
STATEMENT OF IMPROVEMENT AUTHORIZATIONS  
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Ordinance		Balance, January 1, 2020		2020 Authorizations	Paid or Charged	Balance, December 31, 2020	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
12-06	Various Public Improvements	3/22/2012	44,000	\$ 22,723			\$ 6,723	\$ 16,000	
14-06	Various Improvements	4/24/2014	785,000	8,571			1,920	6,651	
15-05	Various Improvements	3/12/2015	479,000	20,319	\$ 2,550		19,925	394	\$ 2,550
16-05	Various Improvements	3/10/2016	350,000		155,345		51,224		104,121
18-10	Various Improvements	4/12/2018	325,000		307,339		2,800		304,539
19-07	Installation and Acquisition of Hydrants and Water Meters	5/9/2019	31,000	1,411			1,411		
20-05	Various Improvements	4/16/2020	171,000	-	-	\$ 171,000	41,713	129,287	-
				<u>\$ 53,024</u>	<u>\$ 465,234</u>	<u>\$ 171,000</u>	<u>\$ 125,716</u>	<u>\$ 152,332</u>	<u>\$ 411,210</u>
						Reserve for Capital Infrastructure	<u>\$ 171,000</u>		
						Cash Disbursed	\$ 96,161		
						Contracts Payable	<u>29,555</u>		
							<u>\$ 125,716</u>		

**BOROUGH OF ALLENDALE  
STATEMENT OF RESERVE FOR CAPITAL INFRASTRUCTURE  
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2020		\$ 964,893
Decreased by:		
Appropriate to Finance Improvement Authorization	\$ <u>171,000</u>	<u>171,000</u>
Balance, December 31, 2020		\$ <u><u>793,893</u></u>

**STATEMENT OF CONTRACTS PAYABLE  
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2020		\$ 57,417
Increased by:		
Contract Awards		<u>29,555</u>
		86,972
Decreased by:		
Cash Disbursements		<u>15,408</u>
Balance, December 31, 2020		\$ <u><u>71,564</u></u>

**BOROUGH OF ALLENDALE  
STATEMENT OF CAPITAL IMPROVEMENT FUND  
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2020		\$ <u>          3</u>
Balance, December 31, 2020		\$ <u>          3</u>

**STATEMENT OF RESERVE FOR AMORTIZATION  
WATER UTILITY CAPITAL FUND**

Balance, January 1, 2020		\$ 6,669,266
Increased by:		
Serial Bonds Payable	\$ 330,000	
Transfers from Reserve for Deferred Amortization	<u>31,000</u>	
		<u>361,000</u>
Balance, December 31, 2020		\$ <u>7,030,266</u>

**STATEMENT OF RESERVE FOR PAYMENT OF BONDS**

Balance, January 1, 2020		\$ 72,426
Decreased by:		
Realized as Water Utility Operating Anticipated Revenue		<u>\$ 72,000</u>
Balance, December 31, 2020		\$ <u>426</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION  
WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Ord. Date	Balance, January 1, <u>2020</u>	2020 <u>Authorization</u>	Notes Paid by Operating <u>Budget</u>	Transfers to Reserve for <u>Amortization</u>	Balance, December 31, <u>2020</u>
12-06	Various Public Improvements	3/22/2012	\$ 44,000				\$ 44,000
14-06	Various Improvements	4/24/2014	275,755				275,755
15-05	Various Public Improvements	3/12/2015	90,533				90,533
16-05	Various Improvements	3/10/2016			\$ 72,000		72,000
19-07	Installation and Acq. of Hydrants and Water Meters	5/9/2019	31,000			\$ 31,000	-
20-05	Various Improvements	4/16/2020	-	\$ 171,000	-	-	171,000
			<u>\$ 441,288</u>	<u>\$ 171,000</u>	<u>\$ 72,000</u>	<u>\$ 31,000</u>	<u>\$ 653,288</u>

**BOROUGH OF ALLENDALE  
STATEMENT OF MISCELLANEOUS RESERVES  
WATER UTILITY OPERATING FUND**

	Balance, January 1, <u>2020</u>	<u>Cancelled</u>	Balance, December 31, <u>2020</u>
Reserve for:			
Meter Deposits	\$ 15,325	\$ 15,325	
Valve Replacement	<u>513</u>	<u>513</u>	<u>-</u>
	<u>\$ 15,838</u>	<u>\$ 15,838</u>	<u>\$ -</u>

**STATEMENT OF DUE TO GENERAL CAPITAL FUND  
WATER UTILITY CAPITAL FUND**

Increased by:	
General Capital Fund Receipts Deposited in Water Utility Capital Fund	<u>\$ 278,000</u>
Balance, December 31, 2020	<u>\$ 278,000</u>



**BOROUGH OF ALLENDALE**  
**STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**WATER UTILITY CAPITAL FUND**

Ord. No.	<u>Improvement Description</u>	Balance, January 1, <u>2020</u>	Balance, December 31, <u>2020</u>
15-05	Various Public Improvements	\$ 2,550	\$ 2,550
18-10	Various Water System Improvements	<u>325,000</u>	<u>325,000</u>
		<u>\$ 327,550</u>	<u>\$ 327,550</u>

**BOROUGH OF ALLENDALE  
BERGEN COUNTY, NEW JERSEY**

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**PART II  
GOVERNMENT AUDITING STANDARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, 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, PSA  
RALPH M. PICONE, III, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA  
CHRISTOPHER M. VINCI, CPA  
CHRISTINA CUIFFO, CPA

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

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the Borough Council  
Borough of Allendale  
Allendale, 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 Allendale as of and for the year ended December 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated August 19, 2021. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

#### **Internal Control over Financial Reporting**

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

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

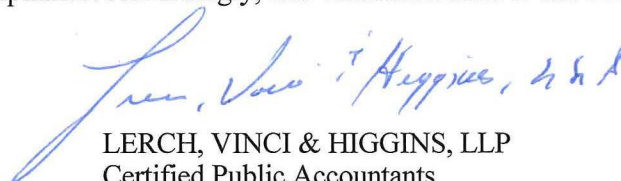
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

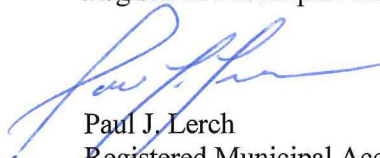
As part of obtaining reasonable assurance about whether the Borough of Allendale's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

### **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 Allendale'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 Allendale's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR00457

Fair Lawn, New Jersey  
August 19, 2021

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

<u>CFDA</u> <u>Number</u>	<u>Grant</u> <u>Year</u>	<u>Grant</u> <u>Award</u> <u>Amount</u>	<u>2020</u> <u>Receipts</u>	<u>Balance,</u> <u>January 1,</u> <u>2020</u>	<u>Revenue</u> <u>Realized</u>	<u>Expenditures</u>	<u>Adjustments/</u> <u>Cancellations</u>	<u>Balance,</u> <u>December 31,</u> <u>2020</u>	<u>Cumulative</u> <u>Expenditures</u>	
<b>U.S. Department of Homeland Security</b>										
<b>(Passed Through State Dept. of Community Affairs)</b>										
Community Development Block Grant Ordinance #19-06	14.218	2019	\$ 142,500	\$ 142,249			\$ 251	\$ 251	\$ 142,249	
FEMA - Ordinance 20-08		2020	183,604	183,604	-	\$ 183,604	\$ 183,604	-	-	183,604
<b>U.S. Department of Treasury</b>										
<b>(Passed Through State Dept. of Community Affairs)</b>										
CARES Act Coronavirus Relief Fund	93.391	2020	31,599	31,599	-	31,599	31,599	-	\$ -	31,599
					<u>\$ -</u>	<u>\$ 215,203</u>	<u>\$ 215,203</u>	<u>\$ 251</u>	<u>\$ 251</u>	

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Note: This schedule is not subject to Single Audit in accordance with U.S. Uniform Guidance.

See Accompanying Notes to Schedule of Expenditures of Federal Awards

**BOROUGH OF ALLENDALE**  
**SCHEDULES OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>State Grant Program</u>	<u>Account Number</u>	<u>Grant Year</u>	<u>Grant Award Amount</u>	<u>Grant Receipts</u>	<u>Balance, January 1, 2020</u>	<u>Revenue Realized</u>	<u>Expended</u>	<u>Adjustment/ Cancellations</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative Expenditures</u>
<b>Department of Environmental Protection</b>										
Clean Communities Grant	4900-765-004	2021	\$ 12,879	\$ 12,879						
		2020	14,284			\$ 14,284			\$ 14,284	
		2019	12,797		\$ 12,797		\$ 4,146		8,651	\$ 4,146
		2018	12,797		12,797		12,797			12,797
		2017	13,377		13,377		13,377			13,377
		2016	15,745		15,745		15,745			15,745
		2015	13,770		13,770		13,770			13,770
		2014	11,331		11,331		11,331			11,331
		2013	12,082		5,484		5,484			12,082
Recycling Tonnage Grant	4910-100-224	2020				8,459			8,459	
		2019	7,725		7,725				7,725	
		2018	7,834		6,195		1,290		4,905	2,929
Green Communities	4870-100-042-6110	2010	2,000		2,000				2,000	
<b>Div. of Highway Traffic Safety</b>										
Drunk Driving Enforcement Fund	6400-100-078	2019	6,243		4,109		1,101		3,008	3,235
<b>Department of Transportation - Local Municipal Aid</b>										
DOT - Ord. 20-08	480-078-6320	2020	442,000			442,000			442,000	
DOT - Ord. 18-09	480-078-6320	2018	220,000					\$ 220,000	220,000	
DOT - Ord. 08-09	480-078-6320	2008						1,079	1,079	
<b>Div. of State Police</b>										
SLA HEOP Grant			2,406		2,406				2,406	
<b>Dept. of Law and Public Safety</b>										
Body Armor Replacement	066-1020-718-001	2019	1,865	1,759	-	1,759	-	-	1,759	
					<u>\$ 107,736</u>	<u>\$ 466,502</u>	<u>\$ 79,041</u>	<u>\$ 221,079</u>	<u>\$ 716,276</u>	

Note: This schedule is not subject to Single Audit in accordance with New Jersey OMB 15-08.

See Accompanying Notes to Schedule of Expenditures of State Financial Assistance

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE**

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

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the Borough of Allendale. 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	\$ 31,599	\$ 24,502	\$ 56,101
General Capital Fund	<u>183,604</u>	<u>442,000</u>	<u>625,604</u>
	<u>\$ 215,203</u>	<u>\$ 466,502</u>	<u>\$ 681,705</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.

**NOTE 5 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 ALLENDALE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

*Part I – Summary of Auditor’s Results*

**Financial Statements**

Type of auditors' report issued on financial statements	<u>Unmodified-Regulatory Basis</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 ALLENDALE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

*Part 2 – 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 ALLENDALE  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

*Part 3 – Schedule of Federal and State Award Findings and Responses*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable.

**CURRENT YEAR STATE AWARDS**

Not Applicable.

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

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.

**BOROUGH OF ALLENDALE  
BERGEN COUNTY, NEW JERSEY**

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**PART III**

**SUPPORTING DATA**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

**BOROUGH OF ALLENDALE  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
CURRENT FUND**

	Year 2020		Year 2019	
	Amount	Percent	Amount	Percent
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 1,225,000	2.67 %	\$ 1,475,000	3.33 %
Miscellaneous - From Other Than Local				
Property Tax Levies	3,221,909	7.01	2,682,212	6.05
Collection of Delinquent Taxes and Tax Title Liens	207,002	0.45	258,211	0.58
Collection of Current Tax Levy	40,576,088	88.34	39,311,290	88.69
Other Credits	<u>702,361</u>	<u>1.53</u>	<u>598,245</u>	<u>1.35</u>
Total Income	<u>45,932,360</u>	<u>100.00 %</u>	<u>44,324,958</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Municipal Purposes	14,205,370	31.70 %	13,612,539	31.21 %
Local School Taxes	16,255,052	36.27	16,097,574	36.91
Regional School Taxes	9,826,813	21.93	9,515,374	21.82
County Taxes	4,444,988	9.92	4,299,922	9.86
Municipal Open Space Taxes	84,560	0.18	84,720	0.19
Other Expenditures	<u>1,772</u>	<u>0.00</u>	<u>4,740</u>	<u>0.01</u>
Total Expenditures	<u>44,818,555</u>	<u>100.00 %</u>	<u>43,614,869</u>	<u>100.00 %</u>
Excess (Deficit) in Revenue	1,113,805		710,089	
Adjustments to Income Before Surplus: Expenditures Included Above Which are by Statute Deferred Charges to Budget of Succeeding Year	<u>-</u>		<u>55,000</u>	
Statutory Excess to Surplus	1,113,805		765,089	
Fund Balance, January 1	<u>2,440,971</u>		<u>3,150,882</u>	
	3,554,776		3,915,971	
Less Utilization as Anticipated Revenue	<u>1,225,000</u>		<u>1,475,000</u>	
Fund Balance, December 31	<u>\$ 2,329,776</u>		<u>\$ 2,440,971</u>	

**BOROUGH OF ALLENDALE  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE -  
WATER UTILITY OPERATING FUND**

	<u>Year 2020</u>		<u>Year 2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<b>REVENUE AND OTHER INCOME REALIZED</b>				
Fund Balance Utilized	\$ 124,000	5.41 %	\$ 95,000	4.64 %
Collection of Water Service Charges	1,646,253	71.80	1,519,730	74.18
Miscellaneous - From Other Than Water Rents	<u>522,441</u>	<u>22.79</u>	<u>433,979</u>	<u>21.18</u>
Total Income	<u>2,292,694</u>	<u>100.00 %</u>	<u>2,048,709</u>	<u>100.00 %</u>
<b>EXPENDITURES</b>				
Budget Expenditures				
Operating	1,394,409	66.56 %	1,325,250	65.44 %
Deferred Charges and Statutory Expenditures	1,500	0.07	1,400	0.07
Capital Improvements	230,000	10.98	262,000	12.94
Debt Service	<u>468,957</u>	<u>22.39</u>	<u>436,538</u>	<u>21.56</u>
Total Expenditures	<u>2,094,866</u>	<u>100.00 %</u>	<u>2,025,188</u>	<u>100.00 %</u>
Excess in Revenue	<u>197,828</u>		<u>23,521</u>	
Statutory Excess to Surplus	197,828		23,521	
Fund Balance, January 1	<u>177,077</u>		<u>248,556</u>	
	374,905		272,077	
Decreased by:				
Utilized in Water Operating Budget	<u>124,000</u>		<u>95,000</u>	
Fund Balance, December 31	<u>\$ 250,905</u>		<u>\$ 177,077</u>	

**BOROUGH OF ALLENDALE  
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate</u>	\$ 2.413	\$ 2.349	\$ 2.297

Apportionment of Tax Rate

Municipal (Including Municipal Library)	\$ 0.595	\$ 0.575	\$ 0.570
Municipal Open Space	0.005	0.005	0.005
County (Including Open Space)	0.264	0.254	0.257
District School	0.966	0.952	0.925
Regional School	0.583	0.563	0.540

Assessed Valuation

2020	\$ 1,684,255,000		
2019		\$ 1,691,131,200	
2018			\$1,690,023,800

**COMPARISON OF WATER UTILITY LEVIES**

<u>Year</u>	<u>Levy</u>	<u>Cash Collections (1)</u>
2020	\$ 1,881,130	\$ 1,751,253
2019	1,791,772	1,752,405
2018	1,813,176	1,882,588

(1) Includes collection of prior year's receivables.

**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>
2020	\$ 40,808,506	\$ 40,576,088	99.43%
2019	39,801,478	39,311,290	98.76%
2018	38,958,532	38,695,295	99.32%



**BOROUGH OF ALLENDALE  
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</u>	Amount of Delinquent <u>Taxes</u>	Amount of Tax Title <u>Liens</u>	Total <u>Delinquent</u>	Percentage of <u>Tax Levy</u>
2020	\$ 163,278	\$ 85,720	\$ 248,998	0.61%
2019	206,752	82,858	289,610	0.73%
2018	260,276	80,072	340,348	0.87%

**PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION**

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

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

<u>Year</u>	<u>Amount</u>
2020	\$4,900
2019	4,900
2018	4,900

**COMPARATIVE SCHEDULE OF FUND BALANCES**

	<u>Year</u>	Balance, <u>December 31st</u>	Utilized in Budget of <u>Succeeding Year</u>
<u>Current Fund</u>	2020	\$ 2,329,776	\$ 1,150,000
	2019	2,440,971	1,225,000
	2018	3,150,882	1,475,000
<u>Water Utility Operating Fund</u>	2020	\$ 250,905	\$ 123,000
	2019	177,077	124,000
	2018	248,556	95,000

**BOROUGH OF ALLENDALE  
OFFICIALS IN OFFICE AND SURETY BONDS**

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

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Ari Bernstein	Mayor	None
Amy Wilczynski	Council President	None
Elizabeth Homan	Council Member	None
Edward O'Connell	Council Member	None
Matthew O'Toole	Council Member	None
Stephen Sasso	Council Member	None
James Strauch	Council Member	None
Alissa Mayer	Chief Financial Officer/Water Collector	\$1,000,000
Michelle Ryan	Acting Borough Clerk	None
Ronald Kistner	Director of Operations/Administrator Officer	None
Harold Laufeld	Tax Collector	1,000,000
Raymond Wiss	Attorney	None
Rosemarie Novelli	Municipal Court Administrator	1,000,000
Angela M. Mattiace	Assessor	None

**BOROUGH OF ALLENDALE  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

There are none.

**CONTRACTS AND AGREEMENTS 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 \$44,000, except by contract or agreement.

The Governing Body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed the bid threshold within the fiscal year.

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

- West Allendale Streetscape Project
- 2020 Paving Program
- West Crescent Ave. Soil Remediation Project

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per NJS 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. The Borough does maintain an accumulation of cost by vendor. Disbursements were reviewed to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any instances where expenditures exceeded the bid threshold of \$44,000 "for the performance of any work, or the furnishing or hiring of any materials or supplies," other than those where bids had not been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of NJS 40A:11-6.

**BOROUGH OF ALLENDALE  
LETTER OF COMMENTS AND RECOMMENDATIONS**

**GENERAL COMMENTS**

**DELINQUENT TAXES AND TAX TITLE LIENS**

The last tax sale was held in December 2017.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

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

<u>Year</u>	<u>Number of Liens</u>
2020	4
2019	4
2018	4

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

**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 on January 6, 2020 adopted the following resolution authorizing interest to be charged on delinquent taxes:

"NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Allendale that it does hereby fix the rate of interest to be charged for the non-payment of taxes or assessments to be eight (8%) per annum on the first \$1,500 delinquency and 18 percent (18%) per annum on any amount in excess of \$1,500 from the date of delinquency(s) to date of payment, providing however, that payments made during the first ten days of delinquency shall not be subject to interest charges."

**APPRECIATION**

We desire to express our appreciation to the Borough Administrator and other Borough Staff who assisted us during the course of our audit.

**BOROUGH OF ALLENDALE  
RECOMMENDATIONS**

There are none.

Status of Prior Years' Audit Findings/Recommendations

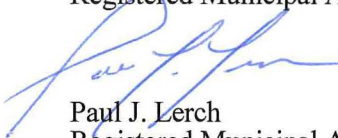
A review was performed on all prior years' recommendations and corrective action taken.

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Should any questions arise as to our comments or recommendations, or should you desire assistance in implementing our recommendations, please do not hesitate to contact us.



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



Paul J. Lerch  
Registered Municipal Accountant  
RMA Number CR00457