

REPORT OF AUDIT
BOROUGH OF BRANCHVILLE
COUNTY OF SUSSEX
DECEMBER 31, 2021

**BOROUGH OF BRANCHVILLE, N.J.
YEAR ENDED DECEMBER 31, 2021**

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BOROUGH OF BRANCHVILLE

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PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021



WIELKOTZ & COMPANY LLC

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Branchville
Branchville, New Jersey 07826

Report on the Financial Statements

Adverse Opinion on U.S. Generally Accepted Accounting Principles

We have audited the accompanying balance sheets – regulatory basis of the various funds and account group of the Borough of Branchville in the County of Sussex, as of December 31, 2021 and 2020, the related statement of operations and changes in fund balance – regulatory basis for the years then ended, and the related statement of revenues -regulatory basis and the statement of expenditures – regulatory basis of the various funds for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

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 accompanying financial statements referred to above do not present fairly the financial position of each fund of the Borough of Branchville as of December 31, 2021 and 2020, or changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") and Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough of Branchville, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.



Honorable Mayor and
Members of the Borough Council
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As described in Note 1 of the financial statements, the financial statements are prepared by the Borough of Branchville on the basis of the financial reporting provisions 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 requirements of New Jersey.

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.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above, present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2021 and 2020, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures and changes in fund balance for the year ended December 31, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Branchville's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance



Honorable Mayor and
Members of the Borough Council
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with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

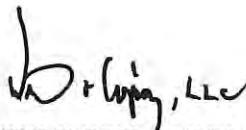
The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2022 on our consideration of the Borough of Branchville'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 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 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 Branchville's internal control over financial reporting and compliance.



Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant
No. CR00413



WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

August 31, 2022



Borough of Branchville, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Current Fund:			
Cash	A-4	1,401,227.54	806,355.54
Change Fund	A-5	50.00	50.00
		<u>1,401,277.54</u>	<u>806,405.54</u>
Receivables and Other Assets with Full Reserves:			
Delinquent Taxes Receivable	A-6	35,720.95	33,930.41
Tax Title Liens Receivable	A-7	12,230.57	10,101.17
Revenue Accounts Receivable	A-8	-	185.60
Interfund Receivables:			
Animal Control Trust	A-10	130.28	900.70
		<u>48,081.80</u>	<u>45,117.88</u>
		<u>1,449,359.34</u>	<u>851,523.42</u>
Federal and State Grant Fund:			
Interfund Current Fund	A-17	63,674.66	18,229.28
		<u>63,674.66</u>	<u>18,229.28</u>
		<u>1,513,034.00</u>	<u>869,752.70</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Balance Sheet - Regulatory Basis

Current Fund

December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Current Fund:			
Appropriation Reserves	A-3;A-11	70,731.80	119,935.31
Interfunds Payable:			
Federal and State Grant Fund	A-10	63,674.66	18,229.28
Other Trust Funds	A-10	12,150.20	13,666.80
Sewer Operating Fund	A-10	55,736.21	
Sewer Capital Fund	A-10	165,000.00	-
General Capital Fund	A-10	102,467.72	-
Water Capital Fund	A-10	75,000.00	-
Due to State of New Jersey:			
Senior Citizen and Veteran Deductions	A-9	3,489.35	3,489.35
Building Surcharge	A-12	1,656.00	1,639.00
Tax Overpayments	A-12	12,721.15	14,134.78
Accounts Payable	A-12	95.00	95.00
Reserve for:			
Sale of Municipal Property	A-12	109,000.00	109,000.00
Tax Appeals Pending	A-12	40,000.00	40,000.00
Prepaid Taxes	A-13	236,501.92	45,375.45
County Taxes Payable	A-14	253.08	12.36
		<u>948,477.09</u>	<u>365,577.33</u>
Reserve for Receivables	Contra	48,081.80	45,117.88
Fund Balance	A-1	452,800.45	440,828.21
		<u>1,449,359.34</u>	<u>851,523.42</u>
Federal and State Grant Fund:			
Appropriated Reserve for Grants	A-19	13,339.76	4,526.80
Unappropriated Reserve for Grants	A-20	50,334.90	13,702.48
		<u>63,674.66</u>	<u>18,229.28</u>
		<u>1,513,034.00</u>	<u>869,752.70</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Current Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Revenues and Other Income:			
Fund Balance Utilized	A-2	201,000.00	211,000.00
Miscellaneous Revenue Anticipated	A-2	913,509.45	875,874.36
Receipts from Delinquent Taxes	A-2	33,913.27	28,155.93
Receipts from Current Taxes	A-2	2,990,058.42	2,935,692.25
Non-Budget Revenue	A-2	30,645.24	33,267.90
Other Credits to Income:			
Interfunds Returned	A-10	770.42	946.68
Unexpended Balance of Appropriation Reserves	A-11	97,714.00	66,951.57
Statutory Excess-Dog Trust	A-10	130.28	900.70
Total Revenues and Other Income		<u>4,267,741.08</u>	<u>4,152,789.39</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	322,132.15	301,979.00
Other Expenses	A-3	596,929.66	605,196.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within Caps	A-3	47,166.19	45,730.00
Operations - Excluded From "CAPS"			
Salaries and Wages	A-3	1.00	3,500.00
Other Expenses	A-3	68,793.48	68,408.01
Capital Improvements	A-3	122,800.00	122,800.00
Deferred Charges and Statutory Expenditures -			
Municipal - Excluded from Caps	A-3	50,000.00	50,000.00
Refund of Prior Year Revenues	A-4	14,488.99	-
County Taxes including Added Taxes	A-14	765,147.37	760,453.83
Local District School Tax	A-15	1,164,856.00	1,151,890.00
Regional High School Tax	A-16	902,454.00	836,893.00
Total Expenditures		<u>4,054,768.84</u>	<u>3,946,849.84</u>
Operating Excess/(Deficit)		<u>212,972.24</u>	<u>205,939.55</u>
Fund Balance, January 1,	A	<u>440,828.21</u>	<u>445,888.66</u>
		653,800.45	651,828.21
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>201,000.00</u>	<u>211,000.00</u>
Fund Balance, December 31,	A	<u>452,800.45</u>	<u>440,828.21</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	201,000.00	201,000.00	-
Miscellaneous Revenues:				
Licenses:				
Alcoholic Beverages	A-8	1,575.00	1,575.00	-
Fines and Costs:				
Municipal Court	A-8	3,500.00	2,555.46	(944.54)
Consolidated Municipal Property Tax Relief Aid	A-8	148,882.00	148,882.00	-
Energy Receipts Tax	A-8	527,965.00	529,965.00	2,000.00
Uniform Construction Code Fees	A-8	17,500.00	64,013.00	46,513.00
Special Items of General Revenue Anticipated				
With Prior Written Consent of Director of				
Local Government Services:				
Public and Private Revenues:				
Recycling Tonnage	A-18	9,369.06	9,369.06	-
Clean Communities	A-18	4,000.00	4,000.00	-
Alcohol Education and Rehab Grant	A-18	333.42	333.42	-
Other Special Items:				
Verizon Cell Tower Rental Agreement	A-8	40,500.00	43,106.47	2,606.47
AT&T Cell Tower Rental Agreement	A-8	100,000.00	109,710.04	9,710.04
Total Miscellaneous Revenues	A-1	853,624.48	913,509.45	59,884.97
Receipts from Delinquent Taxes	A-1;A-2	29,000.00	33,913.27	4,913.27
Subtotal General Revenues		1,083,624.48	1,148,422.72	64,798.24
Amount to be Raised by Taxes for Support of Municipal				
Budget-Local Tax for Municipal Purposes Including				
Reserve for Uncollected Taxes	A-2	194,198.00	227,601.05	33,403.05
Budget Totals		1,277,822.48	1,376,023.77	98,201.29
Non-Budget Revenue	A-1;A-2	-	30,645.24	30,645.24
		1,277,822.48	1,406,669.01	128,846.53
	A-3			

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.
Statement of Revenues - Regulatory Basis

Current Fund

Year Ended December 31, 2021

<u>Analysis of Realized Revenues</u>	<u>Ref.</u>		
Revenue from Collections	A-1;A-6	2,990,058.42	
Allocated to School and County Taxes	A-6	<u>2,832,457.37</u>	
Balance for Support of Municipal Budget Appropriations		157,601.05	
Add : Appropriation - Reserve for Uncollected Taxes	A-3	<u>70,000.00</u>	
Amount for Support of Municipal Budget Appropriations	A-2	<u><u>227,601.05</u></u>	
Receipts from Delinquent Taxes:			
Delinquent Taxes	A-6	<u>33,913.27</u>	
		A-2	
 <u>Analysis of Non-budget Revenues</u>			
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Interest on Investments	A-8	8,794.99	
Planning Board	A-8	4,387.50	
Board of Health/Registrar of Vital Statistics	A-8	<u>1,335.00</u>	
		14,517.49	
Miscellaneous		11,074.07	
Refunds and Reimbursements		2,146.88	
Cable T.V. Franchise		2,678.00	
Admin. Senior Citizens & Veterans		<u>145.00</u>	
	A-4	<u>16,043.95</u>	
Interfund Receivable	A-10	<u>83.80</u>	
	A-2	<u><u>30,645.24</u></u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operations						
General Government:						
Mayor and Council						
Salaries and Wages			29,500.00	29,500.00	28,671.04	828.96
Other Expenses			8,700.00	8,700.00	7,756.71	943.29
Municipal Clerk						
Salaries and Wages			48,000.00	48,000.00	47,179.46	820.54
Other Expenses			16,000.00	11,000.00	9,992.84	1,007.16
Financial Administration						
Salaries and Wages			8,300.00	8,300.00	7,422.44	877.56
Other Expenses			30,000.00	31,978.08	31,978.08	-
Audit Services			22,700.00	22,700.00	21,525.00	1,175.00
Computer Services			100.00	100.00	-	100.00
Collection of Taxes						
Salaries and Wages			22,250.00	22,250.00	22,250.00	-
Other Expenses			7,500.00	1,500.00	794.95	705.05
Assessment of Taxes						
Salaries and Wages			13,000.00	13,116.48	13,116.48	-
Other Expenses			3,000.00	3,000.00	763.50	2,236.50
Legal Services and Costs						
Other Expenses			26,000.00	26,000.00	24,803.43	1,196.57

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

		Current Fund		
		Year Ended December 31, 2021		
	<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>
			<u>Paid or Charged</u>	<u>Reserved</u>
Engineering Services and Costs				
Other Expenses		4,500.00	2,393.59	2,106.41
Municipal Land Use Law : (N.J.S. 40:55D-11)				
Salaries and Wages		4,500.00	2,509.23	1,990.77
Other Expenses		10,000.00	3,693.00	1,307.00
Constable				
Salaries and Wages		1.00	-	1.00
Other Expenses		7,500.00	7,680.00	-
Emergency Management Services				
Salaries and Wages		2,000.00	1,611.33	388.67
Other Expenses		1,000.00	114.09	885.91
Aid to Fire Department		29,750.00	29,250.00	500.00
First Aid Contribution		10,000.00	10,000.00	-
Public Safety:				
Fire Hydrant Service		125.00	-	125.00
Streets and Roads:				
Road Repairs and Maintenance				
Salaries and Wages		160,000.00	166,432.66	-
Other Expenses		30,000.00	23,654.16	336.28
Sanitation				
Garbage and Trash Removal Contract		155,000.00	148,886.36	1,113.64

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>General Appropriations</u>					
Public Buildings and Grounds					
Salaries and Wages		2,000.00	2,000.00	1,985.52	14.48
Other Expenses		16,000.00	16,000.00	13,180.47	2,819.53
Vehicle Maintenance		12,000.00	12,427.10	12,427.10	-
Health and Welfare:					
Board of Health					
Salaries and Wages	1.00	1.00	1.00	-	1.00
Other Expenses		250.00	250.00	-	250.00
Animal Regulation					
Salaries and Wages		500.00	500.00	-	500.00
Other Expenses		500.00	500.00	-	500.00
Aid to Social Services					
Other Expenses		2,000.00	2,000.00	35.00	1,965.00
Recreation and Education:					
Recreation					
Salaries and Wages	1.00	1.00	1.00	-	1.00
Other Expenses		10,000.00	10,000.00	10,000.00	-
Shade Tree Committee					
Other Expenses		3,000.00	3,485.00	3,485.00	-
Purchase of Trees		1,000.00	1,170.00	1,170.00	-

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Utilities						
Electricity			15,000.00	5,000.00	4,724.19	275.81
Street Lighting			22,000.00	22,000.00	21,023.92	976.08
Telephone			13,000.00	24,354.29	24,354.29	-
Heating			7,000.00	7,000.00	5,563.21	1,436.79
Gasoline			5,000.00	8,698.75	8,698.75	-
Accumulated Leave Compensation			200.00	200.00	-	200.00
Insurance:						
General Liability			30,000.00	30,000.00	27,140.96	2,859.04
Workers Compensation Insurance			30,000.00	37,320.00	37,320.00	-
Employee Group Health			78,000.00	78,000.00	76,232.74	1,767.26
State Uniform Construction Code:						
Construction Official			17,000.00	25,529.01	25,529.01	-
Salaries and Wages			1,500.00	1,500.00	1,316.00	184.00
Other Expenses						
Sub-Code Official:						
Code Enforcement Official			1.00	1.00	-	1.00
Salaries and Wages			1.00	1.00	1.00	-
Other Expenses						
Total Operations Within "CAPS"			<u>915,380.00</u>	<u>919,061.81</u>	<u>886,665.51</u>	<u>32,396.30</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Detail:					
Salaries and Wages	A-1	307,054.00	322,132.15	316,707.17	5,424.98
Other Expenses	A-1	608,326.00	596,929.66	569,958.34	26,971.32
Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System		18,848.00	18,848.00	18,848.00	-
Social Security System (O.A.S.I.)		25,000.00	26,318.19	26,318.19	-
Unemployment Insurance		2,000.00	2,000.00	-	2,000.00
Total Deferred Charges and Statutory Expenditures -					
Municipal Within "CAPS"	A-1	45,848.00	47,166.19	45,166.19	2,000.00
Total General Appropriations for Municipal Purposes within "CAPS"		961,228.00	966,228.00	931,831.70	34,396.30
Interlocal Municipal Service Agreements:					
Fire Safety - Fire Department					
Salaries and Wages	1.00	1.00	1.00	-	1.00
Other Expenses	1.00	1.00	1.00	-	1.00
Municipal Court					
Other Expenses		43,000.00	43,000.00	42,448.00	552.00

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>General Appropriations</u>					
"911" Communication System		7,000.00	7,000.00	6,982.00	18.00
Electrical / Plumbing Inspections					
Other Expenses		1,090.00	1,090.00	-	1,090.00
Fire Safety					
Other Expenses		5,000.00	-	-	-
Dog Regulation - Wantage Township					
Other Expenses		2,900.00	2,900.00	2,871.00	29.00
Total Interlocal Municipal Service Agreements		58,992.00	53,992.00	52,301.00	1,691.00
Public and Private Programs Offset By Revenues:					
Alcohol Education and Rehabilitation					
Other Expenses		333.42	333.42	333.42	-
Recycling Tonnage Grant					
Other Expenses		9,369.06	9,369.06	9,369.06	-
Clean Communities					
Other Expenses		4,000.00	4,000.00	4,000.00	-
Municipal Alliance (local share)					
Other Expenses		1,100.00	1,100.00	-	1,100.00
Total Public and Private Programs Offset By Revenues		14,802.48	14,802.48	13,702.48	1,100.00
Total Operations Excluded from "CAPS"		73,794.48	68,794.48	66,003.48	2,791.00

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
<u>General Appropriations</u>					
Detail:					
Salaries and Wages	A-1	1.00	1.00	-	1.00
Other Expenses	A-1	73,793.48	68,793.48	66,003.48	2,790.00
Capital Improvements:					
Capital Improvement Fund		20,000.00	20,000.00	20,000.00	-
Purchase of Fire Truck		20,000.00	20,000.00	20,000.00	-
Purchase of Fire Equipment		6,500.00	6,500.00	5,000.00	1,500.00
Purchase of Road Equipment		15,000.00	15,000.00	15,000.00	-
Purchase of Turnout Gear		4,800.00	4,800.00	4,800.00	-
Improvements to Municipal Property		30,000.00	30,000.00	4,455.50	25,544.50
Improvements to Street Lighting		20,000.00	20,000.00	20,000.00	-
Improvements to Computers		6,500.00	6,500.00	-	6,500.00
Total Capital Improvements	A-1	122,800.00	122,800.00	89,255.50	33,544.50
Deferred Charges:					
Deferred Charges to Future Taxation - Unfunded					
(17-16) Improvements to Municipal Building Furnace		7,723.00	7,723.00	7,723.00	-
(02-17) Supplemental - Replace Furnace		30,824.65	30,824.65	30,824.65	-
(03-17) Improvement DPW Road and Parking Lot		11,452.35	11,452.35	11,452.35	-
Total Deferred Charges	A-1	50,000.00	50,000.00	50,000.00	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		246,594.48	241,594.48	205,258.98	36,335.50

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Current Fund

Year Ended December 31, 2021

<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Subtotal General Appropriations		1,207,822.48	1,207,822.48	1,137,090.68	70,731.80
Reserve for Uncollected Taxes		70,000.00	70,000.00	70,000.00	-
Total General Appropriations		<u>1,277,822.48</u>	<u>1,277,822.48</u>	<u>1,207,090.68</u>	<u>70,731.80</u>
			A-2		A
<u>Analysis of Paid or Charged</u>					
Reserve for Uncollected Taxes	A-2			70,000.00	
Cash Disbursed	A-4			1,013,388.20	
Due General Capital	A-10			110,000.00	
Due Federal and State Grants	A-19			13,702.48	
				<u>1,207,090.68</u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Balance Sheet - Regulatory Basis

Trust Funds

December 31,

<u>Assets</u>	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Animal Control Trust Fund:			
Cash	B-1	3,162.68	3,711.90
Other Trust Funds:			
Cash	B-1	90,171.15	79,535.93
Interfund - Current	B-4	12,150.20	13,666.80
		<u>102,321.35</u>	<u>93,202.73</u>
		<u>105,484.03</u>	<u>96,914.63</u>
<u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Animal Control Trust			
Fund Expenditures	B-2	2,622.40	2,631.20
Due to State Department of Health	B-3	-	21.60
Interfund - Current Fund	B-5	130.28	900.70
Prepaid Dog Licenses	B-6	410.00	158.40
		<u>3,162.68</u>	<u>3,711.90</u>
Other Trust Fund:			
Interfund - General Capital	B-7	20,000.00	20,000.00
Various Reserves	B-8	82,321.35	73,202.73
		<u>102,321.35</u>	<u>93,202.73</u>
		<u>105,484.03</u>	<u>96,914.63</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Balance Sheet - Regulatory Basis

General Capital Fund

December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Cash	C-2;C-3	154,295.56	274,198.28
Interfund - Other Trust	C-4	20,000.00	20,000.00
Interfund - Current Fund	C-5	102,467.72	-
Deferred Charges to Future Taxation Unfunded	C-6	522,500.00	594,423.00
		<u>799,263.28</u>	<u>888,621.28</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations:			
Funded	C-7	-	25,001.38
Unfunded	C-7	397,560.05	546,192.00
Capital Improvement Fund	C-8	136,116.58	95,334.25
Reserve for Fire Equipment	C-9	15,000.00	10,000.00
Reserve for Imp. To Various Roads	C-9	37,500.00	37,500.00
Reserve for Street Lights	C-9	115,000.00	95,000.00
Reserve for Road Equipment	C-9	57,710.17	39,217.17
Fund Balance	C-1	40,376.48	40,376.48
		<u>799,263.28</u>	<u>888,621.28</u>

The Borough had Bonds and Notes Authorized But Not Issued of \$522,500.00 on December 31, 2021 and \$594,423.00 on December 31, 2020. See Exhibit C-10.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Schedule of Fund Balance - Regulatory Basis

General Capital Fund

Year Ended December 31,

		<u>2021</u>	<u>2020</u>
Balance - December 31, 2020	<u>Ref.</u> C	<u>40,376.48</u>	<u>40,376.48</u>
Balance - December 31, 2021	C	<u>40,376.48</u>	<u>40,376.48</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Operating Fund:			
Cash	D-5	133,364.98	167,277.39
Interfund - Water Capital	D-11	36,579.76	-
Receivables with Full Reserves:			
Consumer Accounts	D-7	5,611.33	5,569.91
Total Operating Fund		<u>175,556.07</u>	<u>172,847.30</u>
Capital Fund:			
Cash	D-5	130,547.53	205,299.77
Interfund - Current Fund	D-13	75,000.00	-
Fixed Capital*	D-8	2,263,825.96	2,263,825.96
Fixed Capital Authorized and Uncompleted*	D-9	100,000.00	-
Total Capital Fund		<u>2,569,373.49</u>	<u>2,469,125.73</u>
Total Assets		<u>2,744,929.56</u>	<u>2,641,973.03</u>

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Balance Sheet - Regulatory Basis

Water Utility Fund

December 31,

	<u>Ref</u>	<u>2021</u>	<u>2020</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve			
Unencumbered	D-4;D-10	39,584.21	19,935.25
Encumbered	D-10	3,366.25	-
Water Rent Overpayments	D-12	17,736.72	17,979.76
		<u>60,687.18</u>	<u>37,915.01</u>
Reserve for Receivables	Contra	5,611.33	5,569.91
Fund Balance	D-1	109,257.56	129,362.38
Total Operating Fund		<u>175,556.07</u>	<u>172,847.30</u>
Capital Fund:			
Fund Balance	D-2	29,351.90	79,351.90
Interfund - Water Operating	D-13	36,579.76	-
Capital Outlay	D-14	1,916.97	1,916.97
Improvement Authorizations - Funded	D-15	78,668.00	-
Capital Improvement Fund	D-16	219,030.90	319,030.90
Reserve for Amortization	D-17	2,103,825.96	2,068,825.96
Reserve for Deferred Amortization	D-18	100,000.00	-
Total Capital Fund		<u>2,569,373.49</u>	<u>2,469,125.73</u>
Total Liabilities, Reserves and Fund Balances		<u>2,744,929.56</u>	<u>2,641,973.03</u>

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

Footnote D: The Borough had Bonds and Notes Authorized But Not Issued of \$160,000.00 on December 31, 2021 and \$195,000.00 on December 31, 2020 per Schedule D-19.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Water Utility Operating Fund

Years Ended December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-3	51,700.00	85,000.00
Rents	D-3	101,333.20	94,041.04
Water Capital Fund Balance	D-3	50,000.00	-
Non-Budget Revenues	D-3	526.73	2,803.69
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	D-10	19,735.25	63,182.92
Total Income		<u>223,295.18</u>	<u>245,027.65</u>
Expenditures:			
Operating	D-4	115,000.00	112,000.00
Capital Improvements	D-4	40,000.00	40,000.00
Deferred Charges and Statutory Expenditures	D-4	36,700.00	33,000.00
Total Expenditures		<u>191,700.00</u>	<u>185,000.00</u>
Excess (Deficit) in Revenue over Expenditures		31,595.18	60,027.65
Fund Balance - January 1,	D	<u>129,362.38</u>	<u>154,334.73</u>
		160,957.56	214,362.38
Decreased by:			
Utilized as Anticipated Revenue		<u>51,700.00</u>	<u>85,000.00</u>
Fund Balance - December 31,	D	<u><u>109,257.56</u></u>	<u><u>129,362.38</u></u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.
Comparative Statement of Fund Balance - Regulatory Basis
Water Utility Capital Fund
Year Ended December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Balance - January 1,	D	79,351.90	<u>79,351.90</u>
Decreased by:			
Interfund Water Operating	D-13	<u>50,000.00</u>	
Balance - December 31,	D	<u>29,351.90</u>	<u>79,351.90</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.
Statement of Revenues - Regulatory Basis
Water Utility Operating Fund
Year Ended December 31, 2021

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Operating Surplus Anticipated	D-1	51,700.00	51,700.00	-
Rents	D-1;D-7	90,000.00	101,333.20	11,333.20
Water Capital Fund Balance	D-1;D-11	50,000.00	50,000.00	-
Non-Budget Revenues	D-1; D-3	-	526.73	526.73
Budget Totals		<u>191,700.00</u>	<u>203,559.93</u>	<u>11,859.93</u>
		D-4		
Non-Budget Revenues				
Interest on Investments				
Water Operating Fund	D-5	278.97		
Water Capital Fund	D-11	<u>247.76</u>		
			<u>526.73</u>	
			D-3	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Regulatory Basis

Water Utility Operating Fund
Year Ended December 31, 2021

	<u>Ref</u>	<u>Budget</u>	<u>Appropriated Budget After Modification</u>	<u>Paid or Charged</u>	<u>Expended</u>	<u>Reserved</u>
Operating:						
Salaries and Wages		20,000.00	20,000.00	18,429.36	1,570.64	
Other Expenses		95,000.00	95,000.00	88,678.93	6,321.07	
Total Operating	D-1	<u>115,000.00</u>	<u>115,000.00</u>	<u>107,108.29</u>	<u>7,891.71</u>	
Capital Improvements:						
Capital Outlay		40,000.00	40,000.00	6,641.25	33,358.75	
Total Capital Improvements	D-1	<u>40,000.00</u>	<u>40,000.00</u>	<u>6,641.25</u>	<u>33,358.75</u>	
Deferred Charges and Statutory Expenditures						
Deferred Charges:						
Deferred Charges to Future Taxation - Unfunded (04-17) Imp. to Water Supply		35,000.00	35,000.00	35,000.00	-	
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)		1,700.00	1,700.00	-	1,700.00	
Total Deferred Charges and Statutory Expenditures	D-1	<u>36,700.00</u>	<u>36,700.00</u>	<u>35,000.00</u>	<u>1,700.00</u>	
Total Water Utility Appropriations		<u>191,700.00</u>	<u>191,700.00</u>	<u>148,749.54</u>	<u>42,950.46</u>	
			D-3	D-5	D	
Analysis of Paid or Charged						
Cash Disbursed	D-5			113,749.54		
Interfund-Water Capital Fund	D-11			35,000.00		
				<u>148,749.54</u>		
Analysis of Appropriation Reserve						
Unencumbered	D				39,584.21	
Encumbered	D				3,366.25	
					<u>42,950.46</u>	

The accompanying "Notes to the Financial Statements" are an integral part of these financial statements.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Operating Fund:			
Cash	E-4	76,494.54	29,239.99
Change Fund	E-5	50.00	50.00
Interfund - Sewer Capital Fund	E-8	30,755.55	-
Interfund - Current Fund	E-9	55,736.21	-
Prepaid Expenses	E-10	-	137,080.75
		<u>163,036.30</u>	<u>166,370.74</u>
Receivables with Full Reserves:			
Consumer Accounts	E-6	40,621.26	24,333.93
		<u>40,621.26</u>	<u>24,333.93</u>
Total Operating Fund		<u>203,657.56</u>	<u>190,704.67</u>
Capital Fund:			
Cash	E-4;E-7	312,965.03	477,209.48
Fixed Capital*	E-13	4,985,000.00	4,985,000.00
Fixed Capital Authorized and Uncompleted*	E-14	3,000,059.80	3,000,059.80
Interfund - Current Fund	E-17	165,000.00	-
Total Capital Fund		<u>8,463,024.83</u>	<u>8,462,269.28</u>
Total Assets		<u>8,666,682.39</u>	<u>8,652,973.95</u>

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Comparative Balance Sheet - Regulatory Basis

Sewer Utility Fund

December 31,

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref</u>	<u>2021</u>	<u>2020</u>
Operating Fund:			
Appropriation Reserve			
Unencumbered	E-3; E-18	38,803.08	30,242.92
Reserve for Sewer Line Extension	E-11	4,000.00	4,000.00
Prepaid Sewer Rents	E-12	5,960.37	5,639.82
Accrued Interest on Loans	E-15	18,439.30	25,453.67
		<u>67,202.75</u>	<u>65,336.41</u>
Reserve for Receivables	Contra	40,621.26	24,333.93
Fund Balance	E-1	95,833.55	101,034.33
		<u>40,621.26</u>	<u>24,333.93</u>
		<u>106,444.81</u>	<u>125,370.34</u>
Total Operating Fund		<u>203,657.56</u>	<u>190,704.67</u>
Capital Fund:			
Interfund-Sewer Operating	E-16	30,755.55	-
Improvement Authorizations - Funded	E-19	1,128.44	1,128.44
Improvement Authorizations - Unfunded	E-19	422,238.82	422,238.82
Schedule of Various Reserves	E-20	846,842.22	881,842.22
Capital Improvement Fund	E-21	15,000.00	10,000.00
Reserve for Amortization	E-22	2,954,381.30	2,888,097.67
Reserve for Deferred Amortization	E-23	424,059.80	424,059.80
USDA Loan Payable	E-24	3,768,618.70	3,834,902.33
		<u>8,463,024.83</u>	<u>8,462,269.28</u>
Total Capital Fund		<u>8,463,024.83</u>	<u>8,462,269.28</u>
Total Liabilities, Reserves and Fund Balances		<u><u>8,666,682.39</u></u>	<u><u>8,652,973.95</u></u>

* The fixed capital reported is taken from the municipal records and does not necessarily reflect the true condition of such fixed capital.

Footnote E: There were Bonds and Notes Authorized But Not Issued on in the amount of \$838,000.00 on December 31, 2021 and 2020. See Schedule E-25.

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized:			
Surplus Anticipated	E-2	46,283.63	106,398.00
Reserve for Debt Service	E-2	35,000.00	-
Rents - Borough of Branchville	E-2	761,128.11	782,690.24
Rents - Frankford Township		-	-
S.C.M.U.A. Payment - Frankford Township			
Additional Rents - Branchville		-	-
Additional Rents - Frankford		-	-
Non-Budget Revenues	E-2	1,715.82	3,668.88
Other Credits to Income:			
Unexpended Balance of			
Appropriation Reserves	E-18	28,238.92	24,336.83
Total Income		<u>872,366.48</u>	<u>917,093.95</u>
Expenditures:			
Operating	E-3	670,000.00	670,100.00
Capital Improvements		5,000.00	-
Debt Service	E-3	156,283.63	163,298.00
Total Expenditures		<u>831,283.63</u>	<u>833,398.00</u>
Excess (Deficit) in Revenue over Expenditures		41,082.85	83,695.95
Fund Balance - January 1,	E; E-1	101,034.33	123,736.38
		<u>142,117.18</u>	<u>207,432.33</u>
Utilized as Anticipated Revenue		46,283.63	106,398.00
Fund Balance - December 31,	E	<u>95,833.55</u>	<u>101,034.33</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Revenues - Regulatory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess/ (Deficit)</u>
Surplus Anticipated	E-1	46,283.63	46,283.63	-
Sewer Rents	E-1;E-6	760,000.00	761,128.11	1,128.11
Reserve for Debt Service	E-1; E-8	35,000.00	35,000.00	-
Non-Budget Revenues	E-1	-	1,715.82	1,715.82
Budget Totals		<u>841,283.63</u>	<u>844,127.56</u>	<u>2,843.93</u>
		E-3		

Analysis of Non-Budget Revenues

Interest on Investments:

Sewer Operating	E-4	960.27		
Sewer Capital	E-8	<u>755.55</u>		
			<u>1,715.82</u>	

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.

Statement of Expenditures - Statutory Basis

Sewer Utility Operating Fund

Year Ended December 31, 2021

	Ref.	Appropriated		Paid or Charged	Reserved	Unexpended Balance Cancelled
		Budget	Budget After Modification			
Operating:						
Salaries and Wages		10,000.00	10,000.00	10,000.00	-	-
Other Expenses		660,000.00	660,000.00	621,196.92	38,803.08	-
Total Operating	E-1	<u>670,000.00</u>	<u>670,000.00</u>	<u>631,196.92</u>	<u>38,803.08</u>	<u>-</u>
Capital Improvements:						
Capital Improvement Fund		5,000.00	5,000.00	5,000.00	-	-
Capital Outlay		10,000.00	10,000.00	-	-	10,000.00
Total Capital Improvements	E-1	<u>15,000.00</u>	<u>15,000.00</u>	<u>5,000.00</u>	<u>-</u>	<u>10,000.00</u>
Debt Service:						
Payment of UDSA Loan Principal		66,283.63	66,283.63	65,350.00	-	933.63
Interest on UDSA Loan		90,000.00	90,000.00	90,000.00	-	-
	E-1	<u>156,283.63</u>	<u>156,283.63</u>	<u>155,350.00</u>	<u>-</u>	<u>933.63</u>
Total Sewer Utility Appropriations		<u>841,283.63</u>	<u>841,283.63</u>	<u>791,546.92</u>	<u>38,803.08</u>	<u>10,933.63</u>
		E-2			E	
Analysis of Paid or Charged						
Cash Disbursement	E-4			538,409.05		
Interfund - Sewer Capital	E-8			5,000.00		
Interfund - Current Fund	E-9			21,057.12		
Prepaid Expenses	E-10			137,080.75		
Interest on Loan	E-15			90,000.00		
				<u>791,546.92</u>		

The accompanying "Notes to the Financial Statements" are an integral part of these financial statements.

Borough of Branchville, N.J.
Comparative Balance Sheet - Regulatory Basis
Public Assistance Fund
December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Cash	F-2	<u>2,871.42</u>	<u>2,866.89</u>
<u>Liabilities</u>			
Reserve for Public Assistance	F-4	<u>2,871.42</u>	<u>2,866.89</u>

The accompanying 'Notes to Financial Statements' are an integral part of these financial statements.

Borough of Branchville, N.J.

Comparative Statement of General Fixed Assets - Regulatory Basis

December 31,

	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Balance</u> <u>Dec. 31, 2020</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements and		
Buildings	5,323,864.46	5,323,864.46
Machinery and Equipment	<u>638,872.70</u>	<u>638,872.70</u>
	<u>5,962,737.16</u>	<u>5,962,737.16</u>
Investment in Fixed Assets	<u>5,962,737.16</u>	<u>5,962,737.16</u>

The accompanying "Notes to Financial Statements" are an integral part of these financial statements.

BOROUGH OF BRANCHVILLE, N.J.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB Codification establishes seven fund types and two account groups 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 financial statements of the Borough of Branchville have been prepared in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 the following separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Branchville (the "Borough") operates under a Mayor/Council form of government. 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 has issued Statement No. 14 which requires the financial reporting entity to include both the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will be by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

However, 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. 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 Volunteer Fire Department which is considered a component unit under GAAP. Complete financial statements of the above components can be obtained by contacting the Treasurer of the respective entity.

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. An account group, on the other hand, is designed to provide accountability for certain assets and liabilities that are not recorded in those Funds.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The Borough has the following funds and account groups:

Current Fund - This fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grants.

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

Other Trust Fund - This fund is established to account for the assets and resources which are also held by the Borough as a trustee or agent for individuals, private organizations, other governments and/or other funds.

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

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

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

Sewer Operating and Sewer Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

Public Assistance Fund - This fund is used to account for the receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey Statutes. The Borough transferred administration of the general assistance program to the Sussex County Board of Social Services. The funds remaining in the Public Assistance Fund are used to assist certain residents who do not qualify for the General Assistance Program.

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

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

A modified accrual basis of accounting is followed by the Borough of Branchville. 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 for municipalities by the Division 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:

Property Tax Revenues - 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. 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 June 30, 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 the 11th day of the 11th month of the fiscal year levied, the collector in the municipality shall subject to the provisions of the New Jersey Statutes enforce the lien by placing the property on a tax sale. Annual in rem tax foreclosure proceedings are instituted to enforce the tax collection or acquisition of title to the property by the Borough. 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 taxes receivable and tax title liens that are uncollectible. GAAP requires tax revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Miscellaneous Revenues - 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 and Water Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

Grant Revenues - 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 in the accounting period when they become susceptible to accrual.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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 for the current fund and the water operating fund. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the State Division of Local Government Services per N.J.S.A. 40-A:4 et seq.

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

General Capital Fund	Trust Fund
Animal Control Trust Fund	Water Capital Fund
Public Assistance Fund	Sewer Capital Fund

The governing body shall introduce and approve the annual budget not later than February 10, of the fiscal year. The budget shall be adopted not 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. Emergency appropriations, those made after the adoption of the budget and determination of the tax rate, may be authorized by the governing body of the municipality. 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. Several budget transfers were approved by the governing body.

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 appropriations reserves unless canceled 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, which should be recognized when due.

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

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Appropriation Reserves - 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.

Comparative Data - Comparative data for the prior year has been presented in the accompanying balance sheets and statements of operations 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 and notes to financial statements because their inclusion would make certain statements and notes to financial statements unduly complex and difficult to understand.

Property Acquired for Taxes - Is recorded in the Current Fund at the assessed valuation when such property was acquired and fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at market 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.

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.

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within one year of the date acquired by the government. Investments are stated at cost and are limited by NJSA 40A:5-15.1(a).

Deferred Charges to Future Taxation Funded and Unfunded - Upon the authorization of capital projects, the Borough establishes deferred charges for the costs of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to N.J.S.A. 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for that particular year in the current budget. As the funds are raised by taxation, the deferred charges are reduced.

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 revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

General Fixed Assets - The Borough of Branchville has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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 sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated cost if actual historical cost is not available.

No depreciation has been provided for in the financial statements.

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

GAAP requires that all fixed assets be capitalized at historical cost if actual historical cost is not available.

Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

There were no new accounting pronouncements adopted by the Borough during 2021.

C. Basic Financial Statements

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

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 2: BUDGETARY INFORMATION

Under New Jersey Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2021 statutory budget included a reserve for uncollected taxes in the amount of \$70,000.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2021 statutory budget was \$201,000.00.

Inter department budget transfers are not permitted prior to November 1. After November 1, budget transfers can be made in the form of a resolution and approved by the Mayor and Council.

N.J.S.A. 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2021, there were no items inserted into the budget.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2021, there were no emergency authorizations.

NOTE 3: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2021, the Borough did not have deferred charges to succeeding years budgets.

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BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 4: GENERAL FIXED ASSETS

The following schedule is a summarization of changes in the general fixed assets account group for the year 2021.

	<u>Balance Dec. 31, 2021</u>	<u>Balance Dec. 31, 2020</u>
<u>General Fixed Assets:</u>		
Land / Land Improvements and Buildings	\$5,323,864.46	\$5,323,864.46
Machinery and Equipment	<u>638,872.70</u>	<u>638,872.70</u>
	<u>\$5,962,737.16</u>	<u>\$5,962,737.16</u>
Investment in Fixed Assets	<u>\$5,962,737.16</u>	<u>\$5,962,737.16</u>

NOTE 5: MUNICIPAL DEBT

Long-term debt as of December 31, 2021 consisted of the following:

	<u>Balance Dec. 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>		<u>Balance Dec. 31, 2021</u>	<u>Amounts Due Within One Year</u>
Sewer Capital Fund:						
U.S.D.A. Rural Development Loan payable	\$3,834,902.33	\$	\$66,283.63		\$3,768,618.70	\$67,970.20
Other Liabilities - Compensated Absences Payable	<u>20,443.71</u>	<u>1,783.15</u>	<u>-</u>	(1)	<u>22,226.86</u>	<u>-</u>
	<u>\$3,855,346.04</u>	<u>\$1,783.15</u>	<u>\$66,283.63</u>		<u>\$3,790,845.56</u>	<u>\$67,970.20</u>

(1) Net of days allowed and days used.

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

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The Borough's debt is summarized as follows:

<u>Issued</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Sewer Utility:			
Bonds and Notes	\$3,768,618.70	\$3,834,902.33	\$3,899,541.62
Total Issued	3,768,618.70	3,834,902.33	3,899,541.62
 <u>Authorized but not Issued</u>			
General Capital:			
Bonds and Notes	522,500.00	594,423.00	121,923.00
Water Utility:			
Bonds and Notes	160,000.00	195,000.00	224,000.00
Sewer Utility:			
Bonds and Notes	<u>838,000.00</u>	<u>838,000.00</u>	<u>838,000.00</u>
Total Authorized but not Issued	<u>1,520,500.00</u>	<u>1,627,423.00</u>	<u>1,183,923.00</u>
Less:			
Self Liquidating - Utility	<u>4,761,318.70</u>	<u>4,867,902.33</u>	<u>4,961,541.62</u>
Net Debt	<u>\$522,500.00</u>	<u>\$594,423.00</u>	<u>\$121,923.00</u>

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.405%.

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$522,500.00	\$ -	\$522,500.00
Water Utility	195,000.00	195,000.00	-
Local School District Debt	154,700.00	154,700.00	-
Sewer Utility Debt	<u>4,606,618.70</u>	<u>4,606,618.70</u>	<u>-</u>
	<u>\$5,478,818.70</u>	<u>\$4,956,318.70</u>	<u>\$522,500.00</u>

Net Debt \$522,500.00 divided by Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$129,019,425.67 = 0.405%.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

3.50% of Equalized Valuation Basis (Municipal)	\$4,515,679.80
Net Debt	<u>522,500.00</u>
Remaining Borrowing Power	<u>\$3,993,179.90</u>

SUMMARY EQUALIZED VALUATION PER N.J.S. 40A:2-2 AS AMENDED

2021	\$129,019,425.67	
2020		131,104,782.33
2019		129,988,413.67

CALCULATION OF "SELF-LIQUIDATING PURPOSE". WATER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from fees, rents or other charges for year	\$203,559.93
Deductions:	
Operating and Maintenance Cost	<u>116,700.00</u>
Excess in Revenue	<u>\$86,859.93</u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

CALCULATION OF "SELF-LIQUIDATING PURPOSE". SEWER UTILITY PER N.J.S. 40A:2-45

Cash Receipts from fees, rents or other charges for year	\$844,127.56
Deductions:	
Operating and Maintenance Costs	\$670,000.00
Debt Service	<u>155,350.00</u>
	<u>825,350.00</u>
Excess in Revenue	<u>\$18,777.56</u>

If there is an "excess in revenue" all such utility debt is deductible. If there is a deficit, then utility debt is not deductible to the extent of 20 times such deficit amount.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 5: MUNICIPAL DEBT (CONTINUED)

The forgoing debt information is not in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Paid by Sewer Utility Fund

\$1,717,000.00 Sewer Utility Loan dated 9/2/2016 with the United States Department of Agriculture. This loan is payable in semiannual installments of \$32,675.00 through 9/2/2056. Interest is calculated at 2.25% and included in the semiannual installment. This method of calculating interest is not in conformance with New Jersey Statutes. The Borough has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2021 was \$1,576,442.70.

\$2,367,000.00 Sewer Utility Loan dated 9/2/2016 with the United States Department of Agriculture. This loan is payable in semiannual installments of \$48,974.00 through 9/2/2056. Interest is calculated at 2.75% and included in the semiannual installment. This method of calculating interest is not in conformance with New Jersey Statutes. The Borough has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2021 was \$2,192,176.00.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING

Calendar Year	Sewer Utility		
	Total	Principal	Interest
2022	\$163,298.00	\$67,970.20	\$95,327.80
2023	163,298.00	69,700.12	93,597.88
2024	163,298.00	71,474.50	91,823.50
2025	163,298.00	73,294.47	90,003.53
2026	163,298.01	75,161.25	88,136.76
2027-2031	816,490.00	405,532.48	410,957.52
2032-2036	816,490.00	459,957.95	356,532.05
2037-2041	816,490.00	521,765.55	294,724.45
2042-2046	816,490.00	591,966.66	224,523.34
2047-2051	816,489.99	671,712.42	144,777.57
2052-2056	<u>814,259.73</u>	<u>760,083.10</u>	<u>54,176.63</u>
Total	<u>\$5,713,199.73</u>	<u>\$3,768,618.70</u>	<u>\$1,944,581.03</u>

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 6: BOND ANTICIPATION NOTES

The Borough issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued to be paid or retired. A second and third legal installment must be paid if the notes are to be renewed beyond the fourth and fifth anniversary date of the original issuance. A legal installment is not required after the fifth anniversary date.

The Borough did not have Bond Anticipation Notes outstanding for the year ended December 31, 2021.

NOTE 7: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2021 and 2020 which were appropriated and included as anticipated revenue in their own respective funds for the years ending December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current Fund	<u>\$201,000.00</u>	<u>\$211,000.00</u>
Water Utility Operating Fund	<u>\$51,700.00</u>	<u>\$51,700.00</u>
Sewer Utility Operating Fund	<u>\$40,000.00</u>	<u>\$46,283.63</u>

NOTE 8: ACCRUED VACATION AND SICK BENEFITS

The Borough allows full time employees to accumulate one sick day per month up to 90 days. At the end of the year following the year in which the 90th unused sick day is reached, one vacation day will be given for each four unused sick days. The Borough does not allow vacation to accumulate. Unused vacation days as of December 31st will be paid in lieu of vacation. However, it is expected that the cost of such unpaid compensation would be included in the Borough budget operating expenditures in the year in which it is used. It is estimated that the current cost of such unpaid compensation would approximate \$22,226.85.

This amount is not reported either as an expenditure or a liability. The Borough has reserved \$7,395.20 from previous budgets to be used to offset this liability and is reflected on the Trust Fund balance sheet. See Exhibit B-8 for an analysis.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 9: DUE TO/FROM OTHER FUNDS

Balances due to/from other funds at December 31, 2021 consist of the following:

\$55,736.21	Due to Sewer Operating from Current Fund for various receipts and disbursements from Current Fund.
12,150.20	Due to Other Trust Fund from Current Fund for cash disbursements made in Current Fund.
63,674.66	Due to Federal and State Grant Fund from Current Fund for receipts and disbursements made from Current Fund for the Federal and State Grant Fund.
130.28	Due to Current Fund from Animal Control Trust Fund for statutory excess.
165,000.00	Due to Sewer Capital from Current Fund for various receipts in Current Fund.
75,000.00	Due to Water Capital from Current Fund for various receipts in Current Fund.
<u>102,467.72</u>	Due to General Capital Fund from Current Fund for receipts and disbursements made from Current Fund.
<u>\$474,159.07</u>	

It is anticipated that all interfunds will be liquidated during the calendar year.

NOTE 10: PENSION PLAN

Description of Plans:

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

Public Employees' Retirement System (PERS)

Plan Description

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

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 10: PENSION PLAN (CONTINUED)

Benefits Provided

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

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

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

Defined Contribution Retirement Program

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

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

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 10: PENSION PLAN (CONTINUED)

Public Employees' Retirement System (PERS), (continued)

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

Contribution Requirements

The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS. This amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning 2012 and 8.5% for PFRS, which increased to 10% in October 2011, of the employee's annual compensation, as defined by law. Employers are required to contribute at an actuarially determined rate in all Funds. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS, the employer contribution includes funding for post-retirement medical premiums.

The Borough's contribution to the various plans, equal to the required contributions for each year, were as follows:

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
2021	\$18,848.00	\$-0-
2020	16,730.00	-0-
2019	24,390.00	-0-

Statement No's 68 and 71 require a state or local government employer to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. However, since the financial statements are prepared on another comprehensive basis of accounting, the net pension liability of the various pension systems is not recorded in the financial statements and is only required to be disclosed in the notes to the financial statements.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 10: PENSION PLAN (CONTINUED)

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

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough had a liability of \$301,090.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2021, the Borough's proportion was 0.0025415923 percent, which was a increase/(decrease) of 0.0008186609 percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Borough recognized pension expense of \$18,848.00. At December 31, 2021, deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$4,749.00	\$2,155.00
Changes of assumptions	1,568.00	107,190.00
Net difference between projected and actual earnings on pension plan investments	-	79,315.00
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>150,838.00</u>	<u>71,372.00</u>
Total	<u>\$157,155.00</u>	<u>\$260,032.00</u>

Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date (June 30, 2021) will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2022	(\$71,044.00)
2023	(50,725.00)
2024	(34,586.00)
2025	(25,998.00)
2026	10.00

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 10: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.13, 5.16, 5.21, 5.63, 5.48, 5.57, 5.72, and 6.44 years for 2021, 2020, 2019, 2018, 2017, 2016, 2015 and 2014 amounts, respectively.

Additional Information

Local Group Collective balances net of non-employer (State of New Jersey) balances at June 30, 2021 and June 30, 2020 are as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Collective deferred outflows of resources	\$1,164,738,169	\$2,347,583,337
Collective deferred inflows of resources	8,339,123,762	7,849,949,467
Collective net pension liability	11,846,499,172	16,435,616,426
Borough's Proportion	0.0025415923%	0.0017229314%

Actuarial Assumptions

The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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%

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 10: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and a 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 10: PENSION PLAN (CONTINUED)

Long-Term Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	9.15%
Real Estate	8.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 10: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1- percentage point lower or 1 percentage-point higher than the current rate:

	June 30, 2021		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Borough's proportionate share of the pension liability	\$414,394.00	\$301,090.00	\$210,868.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

NOTE 11: LOCAL SCHOOL DISTRICT AND REGIONAL HIGH SCHOOL TAXES

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

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash

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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2021, \$-0- of the Borough's bank balance of \$2,263,804.85 was exposed to custodial credit risk.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 12: CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments

Investment Rate Risk

The Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the Boroughs or bonds or other obligations of the local unit or units within which the Borough is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The Borough places no limit on the amount the Borough may invest in any one issuer.

NOTE 13: ECONOMIC DEPENDENCY

The Borough receives a substantial amount of its support from one taxpayer. A significant reduction in the level of support, if this were to occur, would have a substantial effect on the Borough's tax levy and tax rate.

NOTE 14: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to general liability, automobile coverage, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough has obtained insurance coverage to guard against these events which will provide minimum exposure to the Borough should they occur. During the 2021 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 15: PUBLIC ASSISTANCE

The Borough of Branchville has elected to have the County of Sussex process all public assistance granted to the residents. Therefore, the Borough of Branchville no longer has a public assistance director.

NOTE 16: HEALTH INSPECTIONS

The Borough of Branchville has elected to have the County of Sussex, Department of Health, do all the health inspections. Therefore, the Borough does not have a health inspector.

NOTE 17. TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	<u>Balance Dec 31, 2021</u>	<u>Balance Dec 31, 2020</u>
Prepaid Taxes	<u>\$236,501.92</u>	<u>\$45,117.88</u>
Cash Liability for Taxes Collected in Advance	<u>\$236,501.92</u>	<u>\$45,117.88</u>

NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 10, the Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. 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>.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

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 of coverage.

Total OPEB Liability

The following Other Post Employment Benefit information is as of June 30, 2020 which is the latest information available as of the date of this report. This information is eighteen months prior to December 31, 2021. GASB Statement No. 75 requires that the information be no more than twelve months prior to the employer's fiscal year end. No modification of the Independent Auditor's Report is being made since the Division of Local Government Services, Department of County Affairs, State of New Jersey is permitting the regulatory basis financial statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current Other Post Employment Benefit information is available.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Total OPEB Liability (continued)

At December 31, 2021, the Borough had a liability of \$1,205,653.00 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2020 the Borough's proportion was 0.006718 percent.

For the year ended December 31, 2021, the Borough recognized OPEB expense of \$14,950.56. At December 31, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$31,756.00	\$224,515.00
Changes of assumptions	180,328.00	268,119.00
Net difference between projected and actual earnings on OPEB plan investments	766.00	-
Changes in proportion	<u>437,348.00</u>	<u>254,388.00</u>
Total	<u>\$650,198.00</u>	<u>\$747,022.00</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) will be recognized in OPEB expense as follows:

Year ended June 30:	
2021	\$(64,810.00)
2022	(64,869.00)
2023	(64,964.00)
2024	(65,050.00)
2025	(44,356.00)
Thereafter	24,264.00

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 7.87, 8.05, 8.14 and 8.04 years for 2020, 2019, 2018 and 2017 amounts, respectively.

Actual Assumptions and Other Inputs

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which rolled forward to June 30, 2020. The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation rate	2.50%
Salary increases*:	
Public Employees's Retirement System (PERS)	
Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFERS)	
Rate for all future years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020
PERS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

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

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

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This 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 Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, 2020 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 or 1 percentage point higher than the current rate:

	June 30, 2020		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Borough's proportionate share of Net OPEB liability	\$1,425,337.00	\$1,205,653.00	\$1,031,754.00

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 18: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rates:

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

	June 30, 2020		
	1% <u>Decrease</u>	Healthcare Cost <u>Trend Rate</u>	1% <u>Increase</u>
Borough's proportionate share of Net OPEB liability	\$997,679.00	\$1,205,653.00	\$1,477,998.00

NOTE 19: COMMITMENTS AND CONTINGENT LIABILITIES

We are advised by Borough Counsel that there was a tax appeal that has been settled.

NOTE 20: OTHER MATTERS

On March 9, 2020, Governor Phil Murphy signed Executive Order No. 103 that declared a State of Emergency and Public Health Emergency across all 21 counties in New Jersey in response to address the novel coronavirus (COVID-19) outbreak. At the time of this report, the State of Emergency and Public Health Emergency remains in effect. In efforts to reduce the spread of the virus, many companies and organizations have either reduced staff or closed down, thus creating a potential financial dilemma among many of the taxpayers of the Borough of Branchville. The Borough has identified several risks as a result of this pandemic, including possible delays in the collection of real estate taxes and swim pool membership fees, revenue shortfalls in general permit revenue and cash flow shortages as a result of these delayed collections and increased health emergency costs. During 2020, the Borough did not receive reimbursement of health emergency costs associated with the pandemic from FEMA and/or the Federal CARES Act funding provided to the State or County Governments.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into effect. This plan, among other things, provides direct federal funding to aid county and municipal governments to help offset revenue losses, cover increased costs incurred during the coronavirus pandemic response and to make necessary investments in water, sewer or broadband infrastructure. The amount of federal aid available to the Borough of Branchville is \$81,536.80 which will be available for use until December 31, 2024. This amount will be distributed to the Borough in two installments. The first installment of \$40,768.40 was received in July 2021 and the second installment of \$40,768.40 was received in July 2022.

In addition, during 2021 revenues of the Borough were not materially affected.

BOROUGH OF BRANCHVILLE, N.J.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(CONTINUED)**

NOTE 21: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through August 31, 2022, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF BRANCHVILLE, N.J.
OFFICIALS IN OFFICE AND SURETY BONDS

YEAR ENDED DECEMBER 31, 2021

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

<u>Name</u>	<u>Title</u>
Anthony Frato Sr.	Mayor
Richard Van Stone	President of Council
Beverly Bathgate	Councilperson
H. Lee Doremus	Councilperson
Russell Bellis Jr.	Councilperson
Troy Orr	Councilperson
Mary Whitesell	Councilperson
Kathryn L. Leissler	Municipal Clerk; Municipal Registrar; Tax Collector; Water Rent Collector; Improv. Search Officer; Tax Search Officer;
Karen Braun	Deputy Clerk; Deputy Registrar; Finance Assistant; Secretary Planning/Zoning Board
Christine Rolef	Chief Financial Officer
Kristy Lockburner	Tax Assessor
Harold Pellow	Engineer
M. Richard Valenti	Attorney
Sue Kaufman	Animal Control Officer
Robert Huber	Fire Inspection/Fire Prevention Inspection; Construction Official, Sub-Code Official; Building Inspector;

Blanket Bond coverage is provided for all officials and employees in the amount of \$1,000,000. The coverage type provided by the Blanket Bond is for employee theft.

Borough of Branchville

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2021

State Grantor/Program Title	Federal C.F.D.-A. Number	Program or Award Amount	Grant Period From/To	12/31/2020 Reserve Balance	Receipts	Expended	12/31/2021 Reserve Balance	MEMO Cumulative Total Expenditures
United States Department of Homeland Security (Passed through NJ Department of Law and Public Safety) Disaster Grants - Public Assistance	97.036	10,476.86	1/1/21-12/31/21	-	10,476.86	(10,476.86)	-	10,476.86
U.S. Department of Treasury (Passed through N.J. Department of Community Affairs) Local Fiscal Recovery Funds	21.027	40,768.40	3/1/21-12/31/26	-	40,768.40	-	40,768.40	-
United States Department of Agriculture: Rural Development	10.760	2,595,000.00	10/20/10-6/30/11	422,238.82	-	-	422,238.82	2,172,761.18
TOTAL FEDERAL AID:				422,238.82	51,245.26	(10,476.86)	463,007.22	2,183,238.04

Note: This schedule was not subject to an audit in accordance with Uniform Guidance.

Borough of Branchville

Schedule of Expenditures of State Financial Assistance

For the Year Ended December 31, 2021

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2020		Receipts	Expended	MEMO	
				Reserve Balance	Balance			12/31/2021 Reserve Balance	Cumulative Total Expenditures
NJ Department of Solid Waste Administration:									
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	5,762.22	1/1/18-12/31/18	1,034.39	-	-	(1,034.39)	-	5,762.22
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	5,762.22	1/1/19-12/31/19	5,762.22	-	-	(3,355.13)	2,407.09	3,355.13
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	5,762.22	1/1/20-12/31/20	5,762.22	-	-	-	5,762.22	-
Recycling Tonnage	4900-752-042-4900-001-V42Y-6020	5,566.50	1/1/21-12/31/21	-	5,566.50	5,566.50	-	5,566.50	-
				12,558.83	5,566.50	5,566.50	(4,389.52)	13,735.81	9,117.35
Clean Communities	4900-765-042-4900-004-V42Y-6020	4,000.00	1/1/18-12/31/18	1,081.74	-	-	(500.00)	581.74	3,418.26
Clean Communities	4900-765-042-4900-004-V42Y-6020	4,000.00	1/1/20-12/31/20	4,000.00	-	-	-	4,000.00	-
Clean Communities	4900-765-042-4900-004-V42Y-6020	4,000.00	1/1/21-12/31/21	-	4,000.00	4,000.00	-	4,000.00	-
				5,081.74	4,000.00	4,000.00	(500.00)	8,581.74	3,418.26
				17,640.57	9,566.50	9,566.50	(4,889.52)	22,317.55	12,535.61
Total NJ Department of Solid Waste Administration:									
NJ Department of Environmental Protection:									
Stormwater	N/A	3,750.00	1/1/06-12/31/06	7.48	-	-	-	7.48	3,742.52
				7.48	-	-	-	7.48	3,742.52
Total NJ Department of Environmental Protection:									
NJ Department of Community Affairs:									
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-XI 00-6020	643.00	1/1/19-12/31/19	247.81	-	-	-	247.81	395.19
Alcohol Education and Rehabilitation Fund	9735-760-098-Y900-001-XI 00-6020	333.42	1/1/20-12/31/20	333.42	-	-	-	333.42	-
				581.23	-	-	-	581.23	395.19
Total NJ Department of Community Affairs:									
				18,229.28	9,566.50	9,566.50	(4,889.52)	22,906.26	16,673.32
TOTAL STATE AID									

Note: This schedule was not subject to an audit in accordance with NJ OMB Circular 15-08

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

CURRENT FUND

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	201,000.00	4.71%	211,000.00	5.08%
Miscellaneous - From Other Than Local Property Tax Levies	913,509.45	21.40%	875,874.36	21.09%
Collection of Delinquent Taxes and Tax Title Liens	33,913.27	0.79%	28,155.93	0.68%
Collection of Current Tax Levy	2,990,058.42	70.06%	2,935,692.25	70.69%
Other Credits to Income	129,259.94	3.03%	102,066.85	2.46%
<u>Total Revenue and Other Income Realized</u>	<u>4,267,741.08</u>	<u>100.00%</u>	<u>4,152,789.39</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	1,207,822.48	29.79%	1,197,613.01	30.34%
Local and Regional School Taxes	765,147.37	18.87%	1,988,783.00	50.39%
County Taxes	2,067,310.00	50.98%	760,453.83	19.27%
Other Expenditures	14,488.99	0.36%	-	0.00%
<u>Total Expenditures</u>	<u>4,054,768.84</u>	<u>100.00%</u>	<u>3,946,849.84</u>	<u>100.00%</u>
Statutory Excess to Fund Balance	212,972.24		205,939.55	
Fund Balance, January 1,	<u>440,828.21</u>		<u>445,888.66</u>	
	653,800.45		651,828.21	
Less:				
Utilized as Anticipated Revenue	<u>201,000.00</u>		<u>211,000.00</u>	
Fund Balance, December 31,	<u>452,800.45</u>		<u>440,828.21</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER UTILITY OPERATING FUND

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	51,700.00	23.15%	85,000.00	34.69%
Collection of Water Rents	101,333.20	45.38%	94,041.04	38.38%
Miscellaneous - From Other Than Water Rents	<u>70,261.98</u>	<u>31.47%</u>	<u>65,986.61</u>	<u>26.93%</u>
<u>Total Revenue and Other Income Realized</u>	<u>223,295.18</u>	<u>100.00%</u>	<u>245,027.65</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	115,000.00	59.99%	112,000.00	60.54%
Capital Improvements	40,000.00	20.87%	40,000.00	21.62%
Deferred Charges and Statutory Expenditures	<u>36,700.00</u>	<u>19.14%</u>	<u>33,000.00</u>	<u>17.84%</u>
<u>Total Expenditures</u>	<u>191,700.00</u>	<u>100.00%</u>	<u>185,000.00</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	31,595.18		60,027.65	
Fund Balance, January 1,	<u>129,362.38</u>		<u>154,334.73</u>	
	160,957.56		214,362.38	
Less:				
Utilized as Anticipated Revenue	<u>51,700.00</u>		<u>85,000.00</u>	
Fund Balance, December 31,	<u>109,257.56</u>		<u>129,362.38</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

SEWER UTILITY OPERATING FUND

	<u>Year 2021</u>		<u>Year 2020</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
<u>Revenue and Other Income Realized</u>				
Fund Balance Utilized	46,283.63	5.31%	106,398.00	11.60%
Collection of Sewer Rents	761,128.11	87.25%	782,690.24	85.34%
Miscellaneous - From Other Than Sewer Rents	64,954.74	7.45%	28,005.71	3.05%
<u>Total Revenue and Other Income Realized</u>	<u>872,366.48</u>	<u>100.00%</u>	<u>917,093.95</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	670,000.00	80.60%	670,100.00	80.41%
Capital Improvements	5,000.00	0.60%		0.00%
Debt Service	156,283.63	18.80%	163,298.00	19.59%
<u>Total Expenditures</u>	<u>831,283.63</u>	<u>100.00%</u>	<u>833,398.00</u>	<u>100.00%</u>
 Excess (Deficit) in Revenue	41,082.85		83,695.95	
 Fund Balance, January 1,	<u>101,034.33</u>		<u>123,736.38</u>	
 Fund Balance, December 31,	<u>95,833.55</u>		<u>101,034.33</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>2.366</u>	<u>2.292</u>	<u>2.176</u>

Apportionment of Tax Rate:

County	0.599	.596	.595
Local School	0.911	.900	.931
Regional High School	0.705	.654	.508
Municipal	0.151	.142	.142

Assessed Valuation:

2021	\$127,935,000.00		
2020		127,952,900.00	
2019			135,726,065.00

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2021	\$3,027,941.86	\$2,990,058.42	98.75%
2020	2,981,086.81	2,935,692.25	98.47%
2019	2,796,166.09	2,764,891.66	98.88%

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

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>Dec 31, Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2021	\$35,720.95	\$12,230.57	\$47,951.52	1.58%
2020	33,930.41	10,101.17	44,031.58	1.48%
2019	29,135.76	8,038.37	37,174.13	1.33%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

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

<u>Year</u>	<u>Amount</u>
2021	-0-
2020	-0-
2019	-0-

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2021	\$101,374.62	\$101,333.20
2020	94,801.70	94,041.04
2019	102,755.68	103,812.31

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections*</u>
2021	\$777,415.44	\$761,128.11
2020	777,483.70	782,690.24
2019	755,136.37	756,309.00

* Includes collection of prior year receivables.

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Current Fund:</u>	2021	\$452,800.45	\$201,000.00
	2020	440,828.21	201,000.00
	2019	445,888.66	211,000.00
	2018	430,250.05	212,000.00
	2017	413,145.77	200,000.00
<u>Water Utility:</u>			
<u>Operating Fund:</u>	2021	\$109,257.56	\$51,700.00
	2020	129,362.38	51,700.00
	2019	154,334.73	85,000.00
	2018	159,575.64	72,000.00
	2017	186,820.45	67,473.00

COMPARATIVE SCHEDULE OF FUND BALANCES (CONTINUED)

	<u>Year</u>	<u>Balance December 31</u>	<u>Utilized In Budget of Succeeding Year</u>
<u>Sewer Utility:</u>			
Operating Fund:	2021	\$95,833.55	\$40,000.00
	2020	101,034.33	46,283.63
	2019	123,736.38	106,398.00
	2018	233,309.23	118,314.00
	2017	216,932.69	-0-

Borough of Branchville, N.J.

Schedule of Cash - Treasurer

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	A		806,355.54
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2	16,043.95	
Taxes Receivable	A-6	2,971,346.24	
Revenue Accounts Receivable	A-8	914,324.46	
Due To State - Senior Citizen and Veteran Deductions	A-9	7,250.00	
Interfunds	A-10	348,601.20	
Various Cash Liabilities and Reserves	A-12	5,763.00	
Prepaid Taxes	A-13	<u>236,501.92</u>	
			<u>4,499,830.77</u>
			5,306,186.31
Decreased by Disbursements:			
Current Year Budget Appropriations	A-3	1,013,388.20	
Interfunds	A-10	15,483.99	
Appropriation Reserves	A-11	22,221.31	
Various Cash Liabilities and Reserves	A-12	7,159.63	
County Taxes Payable	A-14	764,906.65	
Local District School Taxes	A-15	1,164,856.00	
Regional High School Taxes	A-16	<u>902,454.00</u>	
			<u>3,904,958.77</u>
Balance - December 31, 2021	A		<u><u>1,401,227.54</u></u>

Borough of Branchville, N.J.
Schedule of Cash - Change Fund
Current Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	<u>50.00</u>
Balance - December 31, 2021	A	<u>50.00</u>
 <u>Analysis of Balance:</u>		
Tax Collector		<u>50.00</u>

Borough of Branchville, N.J.

Schedule of Taxes Receivable and Analysis of Property Tax Levy

Current Fund

Year Ended December 31, 2021

Year	Balance, Dec. 31, 2020	Levy	Added Taxes	Collected		Senior Citizen and Veteran Deductions	Canceled	Transferred to Tax Title Liens	Balance, Dec. 31, 2021
				2020	2021				
2020	33,930.41	-	-	-	33,913.27	-	17.14	-	-
2021	-	3,026,942.22	999.64	45,375.45	2,937,432.97	7,250.00	33.09	2,129.40	35,720.95
	<u>33,930.41</u>	<u>3,026,942.22</u>	<u>999.64</u>	<u>45,375.45</u>	<u>2,971,346.24</u>	<u>7,250.00</u>	<u>50.23</u>	<u>2,129.40</u>	<u>35,720.95</u>
	A			A-2;A-13	A-2;A-4	A-2;A-9		A-7	A

Analysis of Tax Levy

Ref.

Tax yield:	
General Purpose Tax	3,026,942.22
Added Tax (R.S. 54:4-63.1 et seq.)	999.64
	<u>3,027,941.86</u>
Tax Levy:	
County Tax	764,894.29
Added County Taxes	253.08
	<u>765,147.37</u>
Local District School Tax	1,164,856.00
Regional High School Tax	902,454.00
	<u>2,832,457.37</u>
Local Tax for Municipal Purpose	194,198.00
Added Municipal Taxes	1,286.49
	<u>195,484.49</u>
	<u>3,027,941.86</u>

Borough of Branchville, N.J.
Schedule of Tax Title Liens Receivable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	10,101.17
Increased by:		
Transferred From 2021 Taxes Receivable	A-6	<u>2,129.40</u>
Balance - December 31, 2021	A	<u><u>12,230.57</u></u>

Borough of Branchville, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Balance Dec. 31, 2020</u>	<u>Accrued</u>	<u>Collected</u>	<u>Balance Dec. 31, 2021</u>
Clerk:					
Licenses:					
Alcoholic Beverages	A-2	-	1,575.00	1,575.00	-
Municipal Court :					
Fines and Costs	A-2	185.60	2,369.86	2,555.46	-
Interest on Investments and Deposits					
Miscellaneous Revenue not Anticipated	A-2	-	8,794.99	8,794.99	-
Board of Health / Registrar of Vital Statistics					
Miscellaneous Revenue not Anticipated	A-2	-	1,335.00	1,335.00	-
Planning Board					
Miscellaneous Revenue not Anticipated	A-2	-	4,387.50	4,387.50	-
Consolidated Municipal Property Tax					
Relief Aid	A-2	-	148,882.00	148,882.00	-
Energy Receipts Tax	A-2	-	529,965.00	529,965.00	-
Uniform Construction Code:					
Fees and Permits - Building	A-2	-	64,013.00	64,013.00	-
Verizon Cell Tower Rental Agreement	A-2	-	43,106.47	43,106.47	-
AT&T Cell Tower Rental Agreement	A-2	-	109,710.04	109,710.04	-
		<u>185.60</u>	<u>914,138.86</u>	<u>914,324.46</u>	<u>-</u>
		A		A-4	A

Borough of Branchville, N.J.

**Schedule of Amount Due To State of New Jersey
for Senior Citizens' and Veterans' Deductions - CH. 73 P.L. 1976**

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	3,489.35
Increased by:		
State Share of Senior Citizens and Veteran Deductions Received in Cash	A-4	<u>7,250.00</u>
		10,739.35
Decreased by:		
Senior Citizens' Deductions Per Tax Billing Veterans' Deductions Per Tax Billing	A-6	<u>7,250.00</u>
		<u>7,250.00</u>
Balance - December 31, 2021	A	<u><u>3,489.35</u></u>

Borough of Branchville, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2021

<u>Fund</u>	<u>Ref.</u>	Due From/(To) Balance			Due From/(To)
		<u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Dec. 31, 2021</u>
Federal and State Grants	A	(18,229.28)	50,334.90	4,889.52	(63,674.66)
Other Trust	A	(13,666.80)	1,629.39	3,145.99	(12,150.20)
Animal Control Trust Fund	A	900.70	900.70	130.28	130.28
General Capital Fund	A	-	110,000.00	7,532.28	(102,467.72)
Sewer Operating	A	-	55,736.21	-	(55,736.21)
Sewer Capital Fund	A	-	165,000.00	-	(165,000.00)
Water Capital Fund	A	-	75,000.00	-	(75,000.00)
		<u>(30,995.38)</u>	<u>458,601.20</u>	<u>15,698.07</u>	<u>(473,898.51)</u>
<u>Analysis</u>					
Due To Current	A-1	900.70			130.28
Due From Current Fund		<u>(31,896.08)</u>			<u>(178,292.58)</u>
		<u>(30,995.38)</u>			<u>(178,162.30)</u>
Statutory Excess	A-1		-	130.28	
Miscellaneous Revenue	A-2		-	83.80	
Budget Appropriations	A-3		110,000.00	-	
Received	A-4		348,601.20	-	
Disbursed	A-4		-	15,483.99	
			<u>458,601.20</u>	<u>15,698.07</u>	

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Balance after <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Salaries and Wages				
Mayor and Council	262.08	262.08	-	262.08
Municipal Clerk	1,849.26	1,849.26	-	1,849.26
Financial Administration	1,014.25	1,014.25	-	1,014.25
Collection of Taxes	2,210.86	2,210.86	-	2,210.86
Assessment of Taxes	1,212.29	1,212.29	-	1,212.29
Municipal Land Use	1,103.19	1,103.19	-	1,103.19
Constable	1.00	1.00	-	1.00
Emergency Management Services	1,867.05	1,867.05	-	1,867.05
Road Repair and Maintenance	3,327.80	3,327.80	-	3,327.80
Public Buildings and Grounds	190.69	190.69	-	190.69
Board of Health	1.00	1.00	-	1.00
Animal Regulation	1.00	1.00	-	1.00
Recreation	1.00	1.00	-	1.00
Construction Official	1,640.76	1,640.76	-	1,640.76
Code Enforcement Official	2,011.18	2,011.18	-	2,011.18
Total Salaries and Wages	16,693.41	16,693.41	-	16,693.41
Other Expenses Within "CAPS":				
Mayor and Council	395.05	395.05	-	395.05
Municipal Clerk	779.93	779.93	-	779.93
Financial Administration:				
Other Expenses	9,429.02	10,929.02	8,446.31	2,482.71
Audit Services	97.50	13,775.00	13,775.00	-
Collection of Taxes	6,636.05	136.05	-	136.05
Assessment of Taxes	5,811.00	1,133.50	-	1,133.50
Legal Services and Costs	99.78	99.78	-	99.78
Engineering Services and Costs	1,087.34	1,087.34	-	1,087.34
Municipal Land Use	2,347.44	2,347.44	-	2,347.44
Constable	1,740.00	1,740.00	-	1,740.00
Emergency Management Services	711.13	711.13	-	711.13
Fire Hydrant Services	1.98	1.98	-	1.98
Road Repairs and Maintenance	14,136.55	14,136.55	-	14,136.55
Garbage and Trash Removal	316.78	316.78	-	316.78
Public Buildings and Grounds:				
Other Expenses	1,603.94	1,603.94	-	1,603.94
Vehicle Maintenance	256.34	256.34	-	256.34
Board of Health	250.00	250.00	-	250.00
Animal Regulation	500.00	500.00	-	500.00
Aid to Social Services	800.00	800.00	-	800.00
Shade Tree Committee:				
Other Expenses	1,590.00	1,590.00	-	1,590.00
Purchase of Trees	1,000.00	1,000.00	-	1,000.00
Utilities:				
Electricity	1,370.83	1,370.83	-	1,370.83
Street Lighting	406.64	406.64	-	406.64

Borough of Branchville, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2021

	Balance, Dec. 31, 2020	Balance after Transfers	Paid or Charged	Balance Lapsed
Telephone	903.85	903.85	-	903.85
Heating Oil	803.95	803.95	-	803.95
Gasoline and Diesel Fuel	2,221.63	2,221.63	-	2,221.63
Employee Group Health	308.05	308.05	-	308.05
Construction Code Official	593.69	593.69	-	593.69
Code Enforcement Official	2.40	2.40	-	2.40
Total Other Expenses	<u>56,200.87</u>	<u>60,200.87</u>	<u>22,221.31</u>	<u>37,979.56</u>
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"				
Contribution to:				
Social Security System (O.A.S.I.)	657.78	657.78	-	657.78
Unemployment Compensation	4,000.00	-	-	-
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>4,657.78</u>	<u>657.78</u>	<u>-</u>	<u>657.78</u>
Other Operations Excluded from "CAPS"				
Declared State of Emergency Costs for Coronavirus Response N.J.S.A. 40A:4-45(b) & 40A:4-45.3(bb)	1.00	1.00	-	1.00
Total Other Operations Excluded from "CAPS"	<u>1.00</u>	<u>1.00</u>	<u>-</u>	<u>1.00</u>
Interlocal Municipal Service Agreements:				
Fire Safety - Fire Department				
Salaries and Wages	3,500.00	3,500.00	-	3,500.00
Other Expenses	500.00	500.00	-	500.00
Municipal Court:				
Other Expenses	84.00	84.00	-	84.00
"911" Communication System	1,866.25	1,866.25	-	1,866.25
Total Interlocal Municipal Service Agreements	<u>5,950.25</u>	<u>5,950.25</u>	<u>-</u>	<u>5,950.25</u>
Public and Private Programs Offset by Revenues				
Municipal Alliance (Local Share)	1,100.00	1,100.00	-	1,100.00
Total Public and Private Programs Offset by Revenues	<u>1,100.00</u>	<u>1,100.00</u>	<u>-</u>	<u>1,100.00</u>
Capital Improvements				
Purchase of Fire Equipment	6,500.00	6,500.00	-	6,500.00
Improvement to Municipal Property	26,745.00	26,745.00	-	26,745.00
Purchase Computer - OEM	2,087.00	2,087.00	-	2,087.00
Total Capital Improvements	<u>35,332.00</u>	<u>35,332.00</u>	<u>-</u>	<u>35,332.00</u>
Total Reserves	<u>119,935.31</u>	<u>119,935.31</u>	<u>22,221.31</u>	<u>97,714.00</u>
	A		A-4	A-1

Borough of Branchville, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
<u>Liabilities:</u>				
Tax Overpayments	14,134.78	-	1,413.63	12,721.15
Due State of NJ DCA Fees	1,639.00	5,763.00	5,746.00	1,656.00
Accounts Payable	95.00	-	-	95.00
<u>Reserves for:</u>				
Sale of Municipal Property	109,000.00	-	-	109,000.00
Reserve for Tax Appeals	40,000.00	-	-	40,000.00
	<u>164,868.78</u>	<u>5,763.00</u>	<u>7,159.63</u>	<u>163,472.15</u>
	A	A-4	A-4	A

Borough of Branchville, N.J.

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> A	45,375.45
Increased by:		
Receipts - Prepaid 2022 Taxes	A-4	<u>236,501.92</u>
		281,877.37
Decreased by:		
Applied to 2021 Taxes	A-6	<u>45,375.45</u>
Balance - December 31, 2021	A	<u><u>236,501.92</u></u>

Borough of Branchville, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	12.36
Increased by:		
Levy		764,894.29
Added and Omitted Taxes		<u>253.08</u>
	A-1;A-6	<u>765,147.37</u>
		765,159.73
Decreased by:		
Payments	A-4	<u>764,906.65</u>
Balance - December 31, 2021	A	<u><u>253.08</u></u>

A-15

Schedule of Local School District Taxes

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Increased by:		
Levy Calender Year 2021	A-1;A-6	<u>1,164,856.00</u>
Decreased by:		
Payments	A-4	<u>1,164,856.00</u>

A-16

Schedule of Regional School Taxes Payable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Increased by:		
Levy Calender Year 2021	A-1;A-6	<u>902,454.00</u>
Decreased by:		
Payments	A-4	<u>902,454.00</u>

Borough of Branchville, N.J.

Schedule of Interfunds

Federal and State Grant Fund

Year Ended December 31, 2021

<u>Fund</u>	Due From/(To) Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2021</u>
Current Fund	<u>18,229.28</u> A	<u>50,334.90</u> A-20	<u>4,889.52</u> A-19	<u>63,674.66</u> A

Borough of Branchville, N.J.

Schedule of Grants Receivable

Federal and State Grant Fund

Year Ended December 31, 2021

<u>Grant</u>	<u>Budget Revenue</u>	<u>Transfer from Unappropriated Reserves</u>
Clean Communities	4,000.00	4,000.00
Alcohol Education and Rehab Grant	333.42	333.42
Recycling Tonnage	9,369.06	9,369.06
	<u>13,702.48</u>	<u>13,702.48</u>
	A-2	A-20

Borough of Branchville, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2021

<u>Grant</u>	Balance	Transfer	<u>Expended</u>	Balance
	<u>Dec. 31, 2020</u>	From 2021 Budget		<u>Dec. 31, 2021</u>
Recycling Tonnage Grant	3,189.77	9,369.06	4,389.52	8,169.31
Alcohol Education and Rehabilitation Fund	247.81	333.42	-	581.23
Stormwater Management Reserve	7.48	-	-	7.48
Clean Communities	1,081.74	4,000.00	500.00	4,581.74
	<u>4,526.80</u>	<u>13,702.48</u>	<u>4,889.52</u>	<u>13,339.76</u>
	A	A-3	A-17	A

Borough of Branchville, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2021

<u>Grant</u>	Balance <u>Dec. 31, 2020</u>	<u>Received</u>	Transfer To 2021 <u>Budget</u>	Balance <u>Dec. 31, 2021</u>
Alcohol Education and Rehabilitation Fund	333.42	-	333.42	-
Clean Communities	4,000.00	4,000.00	4,000.00	4,000.00
Local Fiscal Recovery Funds - ARP	-	40,768.40	-	40,768.40
Recycling Tonnage	9,369.06	5,566.50	9,369.06	5,566.50
	<u>13,702.48</u>	<u>50,334.90</u>	<u>13,702.48</u>	<u>50,334.90</u>
	A	A-17	A-18	A

Borough of Branchville, N.J.

Schedule of Cash

Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Animal Control Trust Fund</u>	<u>Other Trust Funds</u>
Balance - December 31, 2020	B	3,711.90	79,535.93
Increase by Receipts:			
Dog License- Borough Share	B-2	1,940.40	-
Dog License Fees - State Share	B-3	219.60	-
Interfund - Current Fund	B-5	-	3,145.99
Prepaid Dog Licenses	B-6	251.60	-
Other Trust Funds	B-8	-	419,762.12
Total Receipts		2,411.60 6,123.50	422,908.11 502,444.04
Decreased by Disbursements:			
Reserve for Animal Control Trust Fund Expenditures	B-2	1,818.92	-
State Share - Dog Licenses	B-3	241.20	-
Interfund - Current Fund	B-5;B-4	900.70	1,629.39
Other Trust Funds	B-8	-	410,643.50
Total Disbursements		2,960.82	412,272.89
Balance - December 31, 2021	B	3,162.68	90,171.15

Borough of Branchville, N.J.

Reserve/(Deficit) for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	2,631.20
Increased by:		
Dog License Fees	B-1	<u>1,940.40</u>
		4,571.60
Decreased by:		
Expenditures R.S. 4:19-1511	B-1	1,818.92
Statutory Excess - Interfund Current	B-5	<u>130.28</u>
		<u>1,949.20</u>
Balance - December 31, 2021	B	<u><u>2,622.40</u></u>

License Fees CollectedYear

2019

1,284.80

2020

1,337.602,622.40

Schedule of Due to State Department of Health

Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	21.60
Increased by:		
State Fees Collected	B-1	<u>219.60</u>
		<u><u>241.20</u></u>
Decreased by:		
Paid by Treasurer	B-1	<u>241.20</u>

Borough of Branchville, N.J.

Schedule of Due (To) / From - Current Fund

Other Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	13,666.80
Increased by:		
Cash Receipts	B-1	<u>3,145.99</u>
		<u>3,145.99</u>
		<u>10,520.81</u>
Decreased by:		
Cash Disbursements	B-1	<u>1,629.39</u>
Balance - December 31, 2021	B	<u><u>12,150.20</u></u>

Schedule of Due (To) - Due to Current Fund

Animal Control Trust Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	(900.70)
Increased by:		
Statutory Excess	B-2	<u>130.28</u>
		<u>(1,030.98)</u>
Decreased by:		
Cash Disbursement	B-1	<u>900.70</u>
Balance - December 31, 2021	B	<u><u>(130.28)</u></u>

Borough of Branchville, N.J.
Schedule of Prepaid Dog Licenses
Animal Control Trust Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020		158.40
Increased by:		
Cash Receipts	B-1	251.60
Balance - December 31, 2021	B	410.00

Schedule of Due to General Capital Fund
Other Trust Funds
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	20,000.00
Balance - December 31, 2021	B	20,000.00

Borough of Branchville, N.J.

Schedule of Various Reserves

Trust Funds

Year Ended December 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Reserve for Accumulated Sick and Vacation	7,395.20	-	-	7,395.20
Reserve for Payroll	(4,243.73)	408,879.40	404,100.30	535.37
Reserve for Recreation	9,309.27	-	-	9,309.27
Reserve for COAH	26,168.78	6,882.72	-	33,051.50
Reserve for Escrow	12,695.65	4,000.00	6,543.20	10,152.45
Reserve for Snow Removal/Storm Repair	21,877.56	-	-	21,877.56
	<u>73,202.73</u>	<u>419,762.12</u>	<u>410,643.50</u>	<u>82,321.35</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-1	419,762.12	-	
Cash Disbursements	B-1	-	410,643.50	
		<u>419,762.12</u>	<u>410,643.50</u>	

Borough of Branchville, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	C	274,198.28
Increased by Receipts:		
Interfund - Current Fund	C-5	<u>83.80</u>
		274,282.08
Decreased by Disbursements:		
Improvement Authorizations	C-7	<u>119,986.52</u>
Balance - December 31, 2021	C	<u><u>154,295.56</u></u>

Borough of Branchville, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2021

	Balance <u>Dec. 31, 2020</u>	Receipts		Disbursements Improvement <u>Authorization</u>	Transfer		Balance <u>Dec. 31, 2021</u>
		Miscellaneous			(From)	To	
Fund Balance	40,376.48	-	-	-	-	-	40,376.48
Capital Improvement Fund	95,334.25	-	-	-	40,782.33	-	136,116.58
Reserve for Fire Equipment	10,000.00	-	-	-	5,000.00	-	15,000.00
Reserve for Improvements to Various Roads	37,500.00	-	-	-	-	-	37,500.00
Reserve for Street Lights	95,000.00	-	-	-	20,000.00	-	115,000.00
Reserve for Road Equipment	39,217.17	-	-	-	18,493.00	-	57,710.17
Interfund - Other Trust	(20,000.00)	-	-	-	-	-	(20,000.00)
Interfund - Current Fund	-	83.80	-	-	(110,000.00)	7,448.48	(102,467.72)
Improvement Authorizations							
<u>Ordinance #</u>							
02-16	4,458.23	-	-	-	(4,458.23)	-	-
04-16	208.44	-	-	-	(208.44)	-	-
14-16	(7,723.00)	-	-	-	-	7,723.00	-
02-17	(30,824.65)	-	-	-	-	30,824.65	-
03-17	(8,573.30)	-	-	-	(2,879.05)	11,452.35	-
08-18	3,493.00	-	-	-	(3,493.00)	-	-
10-18	530.00	-	-	-	(530.00)	-	-
05-19	12,706.61	-	-	-	(12,706.61)	-	-
04-20	3,813.54	-	-	31,051.52	(7,448.48)	-	(34,686.46)
05-20	(1,318.49)	-	-	88,935.00	-	-	(90,253.49)
	<u>274,198.28</u>	<u>83.80</u>	<u>119,986.52</u>	<u>(141,723.81)</u>	<u>141,723.81</u>	<u>154,295.56</u>	<u>C</u>

Borough of Branchville, N.J.

Schedule of Interfund Accounts Receivable / (Payable) - Other Trust

General Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	C	<u>20,000.00</u>
Balance - December 31, 2021	C	<u>20,000.00</u>

C-5

Schedule of Interfund Accounts Receivable - Current Fund

General Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Increased by :			
Deferred Charges to Future Taxation -			
Unfunded	C-6	50,000.00	
Capital Improvement Fund	C-8	20,000.00	
Capital Reserves	C-9	<u>40,000.00</u>	
			<u>110,000.00</u>
Decreased By:			
Interest	C-2	83.80	
Improvement Authorizations	C-7	<u>7,448.48</u>	
			<u>7,532.28</u>
Balance - December 31, 2021	C		<u>102,467.72</u>

Borough of Branchville, N.J.

Schedule of Deferred Charges to Future Taxation - Unfunded

General Capital Fund

Year Ended December 31, 2021

Ord. Date	Improvement Description	Balance Dec. 31, 2020	Funded by Budget Appropriation	Improvement Authorization Cancelled	Balance Dec. 31, 2021	Analysis of Balance December 31, 2021	
						Expenditures	Unexpended Improvement Authorizations
02-16	Improvements to First Street	10,600.00	-	10,600.00	-	-	-
14-16	Improvements to Municipal Building	7,723.00	7,723.00	-	-	-	-
02-17	Suppl. Ord. for 04-16 Street and Road Equipment	31,000.00	-	-	-	-	-
03-17	DPW Parking Lot and Road	22,600.00	30,824.65	175.35	-	-	-
04-20	Improvements to Borough Property	285,000.00	11,452.35	11,147.65	285,000.00	34,686.46	250,313.54
05-20	Acquisition/Installation of Generators	237,500.00	-	-	237,500.00	90,253.49	147,246.51
		<u>594,423.00</u>	<u>50,000.00</u>	<u>21,923.00</u>	<u>522,500.00</u>	<u>124,939.95</u>	<u>397,560.05</u>
		C	C-2; C-10		C		C-7

Borough of Branchville, N.J.

Schedule of Improvement Authorizations

General Capital Fund

Year Ended December 31, 2021

Ord. No.	Improvement Description <u>General Improvements:</u>	Ordinance Date	Amount	Balance Dec. 31, 2020		Expended	Cancelled	Balance Dec. 31, 2021	
				Funded	Unfunded			Funded	Unfunded
02-16	Improvements to First Street	03/02/16	206,000.00	4,458.23	10,600.00	-	15,058.23	-	-
04-16	Street & Road Equipment	04/06/16	13,000.00	-	208.44	-	208.44	-	-
02-17	Suppl. Ord. for 04-16 Street and Road Equipment	05/03/17	81,600.00	-	175.35	-	175.35	-	-
03-17	DPW Parking Lot and Road	05/03/17	60,000.00	-	14,026.70	-	14,026.70	-	-
08-18	Purchase of DPW Equipment	08/01/18	45,000.00	3,493.00	-	-	3,493.00	-	-
10-18	Emergency Repairs to Borough Rds.	11/07/18	18,000.00	530.00	-	-	530.00	-	-
05-19	Crosswalk & ADS Imp. On Main Street	10/02/19	70,000.00	12,706.61	-	-	12,706.61	-	-
04-20	Improvements to Borough Property	10/07/20	300,000.00	3,813.54	285,000.00	38,500.00	-	-	250,313.54
05-20	Acquisition/Installation of Generators	10/07/20	250,000.00	-	236,181.51	88,935.00	-	-	147,246.51
				<u>25,001.38</u>	<u>546,192.00</u>	<u>127,435.00</u>	<u>46,198.33</u>	<u>-</u>	<u>397,560.05</u>
				<u>C</u>	<u>C</u>		<u>C</u>		<u>C</u>

Ref.

Analysis of Expended

Cash Disbursed
Interfund - Current Fund

119,986.52
7,448.48
127,435.00

Analysis of Cancelled

Deferred Charges to Future Taxation - Unfunded
Capital Improvement Fund
Reserve for Road Equipment

21,923.00
20,782.33
3,493.00
46,198.33

Borough of Branchville, N.J.
Schedule of Capital Improvement Fund
General Capital Fund
Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	C		95,334.25
Increased by:			
Budget Appropriation	C-5	20,000.00	
Improvements Cancelled	C-7	<u>20,782.33</u>	
			<u>40,782.33</u>
Balance - December 31, 2021	C		<u><u>136,116.58</u></u>

Borough of Branchville, N.J.

Schedule of Capital Reserves

General Capital Fund

Year Ended December 31, 2021

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Fire Equipment	10,000.00	5,000.00	15,000.00
Improvements to Various Roads	37,500.00	-	37,500.00
Streets Lights	95,000.00	20,000.00	115,000.00
Road Equipment	39,217.17	18,493.00	57,710.17
	<u>181,717.17</u>	<u>43,493.00</u>	<u>225,210.17</u>
	C		C
	<u>Ref.</u>		
Interfund - Current Fund	C-5	40,000.00	
Improvement Authorizations	C-7	3,493.00	
		<u>43,493.00</u>	

Borough of Branchville, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2021

<u>No.</u>	<u>Date</u>	<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>Funded by Budget Appropriation</u>	<u>Improvement Authorizations Cancelled</u>	<u>Balance Dec. 31, 2021</u>
02-16	03/02/16	Improvements to First Street	10,600.00	-	10,600.00	-
14-16	11/02/16	Improvement of Municipal Building	7,723.00	7,723.00	-	-
02-17	05/03/17	Suppl. Ord. for 04-16 Street and Road Equipment	31,000.00	30,824.65	175.35	-
03-17	05/03/17	DPW Parking Lot and Road	22,600.00	11,452.35	11,147.65	-
04-20	10/07/20	Improvements to Borough Property	285,000.00	-	-	285,000.00
05-20	10/07/20	Acquisition/Installation of Generators	237,500.00	-	-	237,500.00
			<u>594,423.00</u>	<u>50,000.00</u>	<u>21,923.00</u>	<u>522,500.00</u>
			Footnote C	C-6		Footnote C

Borough of Branchville, N.J.

Schedule of Cash

Water Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2020	D;D-6	<u>167,277.39</u>	<u>205,299.77</u>
Increased by Receipts:			
Rents	D-7	83,353.44	-
Non-Budget Revenue	D-3	278.97	-
Water Overpayments	D-12	17,736.72	-
Interfund - Water Operating	D-13	-	247.76
		<u>101,369.13</u>	<u>247.76</u>
		268,646.52	205,547.53
Decreased by Disbursements:			
Current Year Budget Appropriations	D-4	113,749.54	-
Interfund - Water Capital	D-11	21,332.00	-
Appropriation Reserves	D-10	200.00	-
Schedule of Interfunds	D-13	-	75,000.00
		<u>135,281.54</u>	<u>75,000.00</u>
Balance - December 31, 2021	D;D-6	<u><u>133,364.98</u></u>	<u><u>130,547.53</u></u>

Borough of Branchville, N.J.

Analysis of Cash

Water Utility Capital Fund

Year Ended December 31, 2021

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
	Miscellaneous		Miscellaneous		(From)	To	
Fund Balance							
Capital Improvement Fund	79,351.90	-	-	(50,000.00)	-	-	29,351.90
Reserve for Capital Outlay	319,030.90	-	-	(100,000.00)	-	-	219,030.90
Interfund - Water Operating	1,916.97	-	-	-	-	-	1,916.97
Interfund - Current Fund	-	247.76	75,000.00	(35,000.00)	71,332.00	-	36,579.76
	-	-	-	-	-	-	(75,000.00)
	(195,000.00)	-	-	-	-	35,000.00	(160,000.00)
	-	-	-	(21,332.00)	100,000.00	-	78,668.00
	<u>205,299.77</u>	<u>247.76</u>	<u>75,000.00</u>	<u>(206,332.00)</u>	<u>206,332.00</u>	<u>206,332.00</u>	<u>130,547.53</u>
	D-5						D-5

Ord. No. 04-17 Improvement Authorizations
 06-21 Improvements to Well #2
 Improvements & Repairs of Water System

Borough of Branchville, N.J.
Schedule of Consumer Accounts Receivable
Water Utility Operating Fund
Year Ended December 31, 2021

	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Charges</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Consumer Accounts Receivable	<u>5,569.91</u>	<u>101,374.62</u>	<u>101,333.20</u>	<u>5,611.33</u>
	D			D
	<u>Ref.</u>			
Rents Received	D-5		83,353.44	
Overpayments Applied	D-12		<u>17,979.76</u>	
			<u>101,333.20</u>	
			D-3	

Borough of Branchville, N.J.

Schedule of Fixed Capital

Water Utility Capital Fund

Year Ended December 31, 2021

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Water Diversion Right of Way	10,000.00	10,000.00
Land	38,803.01	38,803.01
Plant	6,509.03	6,509.03
Distribution Mains and Accessories	352,357.48	352,357.48
Meters, Meter Boxes and Vaults	15,496.52	15,496.52
Fire Hydrants and Fire Cisterns	1,074.42	1,074.42
Equipment	9,641.44	9,641.44
Diversion Dam and Repairs	10,758.20	10,758.20
Engineering Study and Water Reservoir	22,742.86	22,742.86
Pilot Study - Water Infiltration	11,000.00	11,000.00
Digging Well, Purchase Pump Housing and Distribution Lines	54,804.43	54,804.43
Pumps	13,132.58	13,132.58
Purchase and Installation of By-Pass	2,866.28	2,866.28
Purchase and Repair of Chlorination System and Bldg	21,317.70	21,317.70
Improvements to Water Basin and Reservoir	41,941.33	41,941.33
Water Survey	2,500.00	2,500.00
Water Storage Tank	824,130.47	824,130.47
Water Main Improvements	51,250.21	51,250.21
Well House	400,000.00	400,000.00
Improvements to Well #1	23,500.00	23,500.00
Improvements to Well #2	280,000.00	280,000.00
Painting of Water Tower	70,000.00	70,000.00
	<u>2,263,825.96</u>	<u>2,263,825.96</u>
	D	D

Borough of Branchville, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water Utility Capital Fund

Year Ended December 31, 2021

<u>Description</u>	<u>Ordinance</u>		2021 Improvement Authorizations	Balance, Dec. 31, 2021
	<u>Date</u>	<u>Amount</u>		
06-21 Improvements & Repairs of Water System	7/7/2021	100,000.00	100,000.00	100,000.00
			<u>D-15</u>	<u>D</u>

Borough of Branchville, N.J.
Schedule of Appropriation Reserves
Water Utility Operating Fund
Year Ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	5,160.06	5,160.06	-	5,160.06
Other Expenses	9,697.21	9,697.21	200.00	9,497.21
Capital Improvements:				
Capital Outlay	1,077.98	1,077.98	-	1,077.98
Statutory Expenditures:				
Public Employees' Retirement System	2,000.00	2,000.00	-	2,000.00
Social Security System (O.A.S.I.)	1,700.00	1,700.00	-	1,700.00
Unemployment Compensation Insurance	300.00	300.00	-	300.00
	<u>19,935.25</u>	<u>19,935.25</u>	<u>200.00</u>	<u>19,735.25</u>
	D		D-5	D-1

Borough of Branchville, N.J.
Schedule of Due From - Water Capital
Water Utility Operating Fund
Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> D		
Increased by:			
Water Capital Fund Balance			
Anticipated as Item of Revenue	D-3	50,000.00	
Water Capital Fund Interest Income	D-3	247.76	
Cash Disbursements	D-5	<u>21,332.00</u>	
			71,579.76
Decreased by:			
Budget Appropriations	D-4		<u>35,000.00</u>
Balance - December 31, 2021	D		<u><u>36,579.76</u></u>

Borough of Branchville, N.J.
Schedule of Overpayments
Water Utility Operating Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	D	17,979.76
Increased by:		
Collections	D-5	<u>17,736.72</u>
		35,716.48
Decreased by:		
Applied	D-7	<u>17,979.76</u>
Balance - December 31, 2021	D	<u><u>17,736.72</u></u>

Borough of Branchville, N.J.

Schedule of Interfunds

Water Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	Due (to)/from Water <u>Operating</u>	Due (to)/from Current <u>Fund</u>
Increased by:			
Fund Balance Anticipated as Revenue	D-2	50,000.00	
Interest Income	D-5	247.76	
Improvement Authorizations	D-16	<u>21,332.00</u>	
		71,579.76	
Decreased by:			
Cash Disbursements	D-5		<u>75,000.00</u>
Capital Improvement Fund	D-16	<u>35,000.00</u>	
Balance - December 31, 2021	D	<u>(36,579.76)</u>	<u>75,000.00</u>

Borough of Branchville, N.J.

Schedule of Reserves

Water Utility Capital Fund

Year Ended December 31, 2021

<u>Description</u>	Balance <u>Dec. 31, 2020</u>	Balance <u>Dec. 31, 2021</u>
Reserve for Capital Outlay	<u>1,916.97</u> D	<u>1,916.97</u> D

Borough of Branchville, N.J.
Schedule of Improvement Authorizations
Water Utility Capital Fund
Year Ended December 31, 2021

Ord. No.	Improvement Description	Ordinance Date	Ordinance Amount	2021 Authorizations	Expended	Balance Dec. 31, 2021	
						Funded	Unfunded
06-21	Improvements & Repairs of Water System	7/7/2021	100,000.00	100,000.00	21,332.00	78,668.00	-
				D-9	D-13	D	D

Borough of Branchville, N.J.
Schedule of Capital Improvement Fund
Water Utility Capital Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	D	319,030.90
Decreased by:		
Improvement Authorizations	D-18	<u>100,000.00</u>
Balance - December 31, 2021	D	<u><u>219,030.90</u></u>

Borough of Branchville, N.J.
Schedule of Reserve for Amortization
Water Utility Capital Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	D	2,068,825.96
Increased by:		
Budget Appropriation	D-5;D-19	<u>35,000.00</u>
Balance - December 31, 2021	D	<u><u>2,103,825.96</u></u>

Borough of Branchville, N.J.

Schedule of Reserve for Deferred Amortization

Water Utility Capital Fund

Year Ended December 31, 2021

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Fixed Capital Authorized</u>	<u>Balance, Dec. 31,2021</u>
06-21	Water Capital Improvements	07/07/21	<u>100,000.00</u> D-15;D-16	<u>100,000.00</u> D

Borough of Branchville, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water Utility Capital Fund

Year Ended December 31, 2021

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2020</u>	<u>Funded By Budget Appropriation</u>	<u>Balance, Dec. 31, 2021</u>
04-17	Improvements to Well #2	195,000.00	35,000.00	160,000.00
		<u>Footnote D</u>	<u>D-17</u>	<u>Footnote D</u>

Borough of Branchville, N.J.

Schedule of Cash

Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2020	E	<u>29,239.99</u>	<u>477,209.48</u>
Increased by Receipts:			
Interest on Sewer Operating	E-2	960.27	-
Consumer Accounts Receivable	E-6	753,694.96	-
Prepaid Sewer Rents	E-12	5,960.37	-
Interfund - Sewer Operating	E-16	-	755.55
		<u>760,615.60</u>	<u>755.55</u>
		789,855.59	477,965.03
Decreased by Disbursements:			
Budget Appropriations	E-3	539,342.68	-
Interfund - Water Operating	E-9	75,000.00	-
Accrued Interest On USDA Loan	E-15	97,014.37	-
Interfund - Current Fund	E-17	-	165,000.00
Appropriation Reserves	E-18	2,004.00	-
		<u>713,361.05</u>	<u>165,000.00</u>
Balance - December 31, 2021	E	<u><u>76,494.54</u></u>	<u><u>312,965.03</u></u>

Borough of Branchville, N.J.
Schedule of Cash - Change Fund
Sewer Utility Operating Fund
Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> E	<u>50.00</u>
Balance - December 31, 2021	E	<u>50.00</u>

Borough of Branchville, N.J.

Analysis of Cash

Sewer Utility Capital Fund

Year Ended December 31, 2021

	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
	Miscellaneous		Miscellaneous		(From)	To	
Interfund - Sewer Operating Capital Improvement Fund	-	755.55	-	-	(5,000.00)	35,000.00	30,755.55
Interfund - Current Fund	10,000.00	-	-	-	-	5,000.00	15,000.00
Reserve for Capital Outlay	239,217.44	-	165,000.00	-	-	-	(165,000.00)
Reserve for Debt Service	642,624.78	-	-	-	(35,000.00)	-	239,217.44
							607,624.78
Ord. No. 06-04	1,128.44	-	-	-	-	-	1,128.44
Ord. No. 06-10	(415,761.18)	-	-	-	-	-	(415,761.18)
	<u>477,209.48</u>	<u>755.55</u>	<u>165,000.00</u>	<u>(40,000.00)</u>	<u>(40,000.00)</u>	<u>40,000.00</u>	<u>312,965.03</u>
	E						E

Borough of Branchville, N.J.

Schedule of Interfund - Sewer Capital

Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Increased by:			
Reserve for Debt Service	E-2	35,000.00	
Interest on Investment	E-2	<u>755.55</u>	
			35,755.55
Decreased by:			
Budget Appropriations	E-3		<u>5,000.00</u>
Balance - December 31, 2021	E		<u><u>30,755.55</u></u>

Schedule of Interfund - Current Fund

Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Increased by:			
Water Rents Collected	E-6	1,793.33	
Cash Disbursements	E-4	<u>75,000.00</u>	
			<u>76,793.33</u>
			76,793.33
Decreased by:			
Budget Appropriations	E-3		<u>21,057.12</u>
Balance - December 31, 2021	E		<u><u>55,736.21</u></u>

Borough of Branchville, N.J.
Schedule of Prepaid Expenses
Sewer Utility Operating Fund
Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> E	<u>137,080.75</u>
Decreased by:		
Realize Prepaid Expenses	E-3	<u>137,080.75</u>

Borough of Branchville, N.J.**Schedule of Reserve for Sewer Line Extension****Sewer Utility Operating Fund****Year Ended December 31, 2021**

Balance - December 31, 2020	<u>Ref.</u> E	<u>4,000.00</u>
Balance - December 31, 2021	E	<u>4,000.00</u>

Borough of Branchville, N.J.
Schedule of Prepaid Sewer Rents
Sewer Utility Operating Fund
Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> E	5,639.82
Increased by:		
Prepaid Sewer Rents	E-4	<u>5,960.37</u>
		11,600.19
Decreased by:		
Prepaid Rents Applied	E-2;E-6	<u>5,639.82</u>
Balance - December 31, 2021	E	<u><u>5,960.37</u></u>

Borough of Branchville, N.J.
Schedule of Fixed Capital
Sewer Utility Capital Fund
Year Ended December 31, 2021

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Distribution Mains and Accessories	<u>4,985,000.00</u> E	<u>4,985,000.00</u> E

Borough of Branchville, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Sewer Utility Capital Fund

Year Ended December 31, 2021

<u>Ordinance Number</u>	<u>Description</u>	<u>Ordinance</u>		<u>Balance, Dec. 31, 2020</u>	<u>Balance, Dec. 31, 2021</u>
		<u>Date</u>	<u>Amount</u>		
06-04	Construction of Sewer System	08/14/04	405,059.80	405,059.80	405,059.80
06-10	Construction of Sewer System	10/20/10	2,595,000.00	2,595,000.00	2,595,000.00
				<u>3,000,059.80</u>	<u>3,000,059.80</u>
				<u>E</u>	<u>E</u>

Borough of Branchville, N.J.

Schedule of Accrued Interest on USDA Loan

Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	E	25,453.67
Increased by:		
Budget Appropriation for Interest on UDSA Loans	E-3	90,000.00
		<u>115,453.67</u>
Decreased by:		
Interest Paid	E-4	97,014.37
Balance - December 31, 2021	E	<u><u>18,439.30</u></u>

<u>Principal Outstanding Dec. 31, 2021</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period</u>	<u>Required Amount</u>	<u>Actual Amount</u>
1,576,442.70		9/2/2021	12/31/2021	120	11,823.32	6,830.38
2,192,176.00		9/2/2021	12/31/2021	120	20,094.95	11,608.92
					<u>31,918.27</u>	<u>18,439.30</u>

Borough of Branchville, N.J.

Schedule of Interfund Accounts Payable - Sewer Operating Fund

Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Increased by:			
Interest on Investments	E-4	755.55	
Reserve for Debt Service	E-20	<u>35,000.00</u>	
			35,755.55
Decreased by:			
Capital Improvement Fund	E-21		<u>5,000.00</u>
Balance - December 31, 2021	E		<u><u>30,755.55</u></u>

Schedule of Interfund Accounts Payable - Current Fund

Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Increased by:			
Cash Disbursements	E-4		<u>165,000.00</u>
Balance - December 31, 2021	E		<u><u>165,000.00</u></u>

Borough of Branchville, N.J.
Schedule of Appropriation Reserves
Sewer Utility Operating Fund
Year Ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating:				
Salaries and Wages	6,839.44	6,839.44	-	6,839.44
Other Expenses	<u>23,403.48</u>	<u>23,403.48</u>	<u>2,004.00</u>	<u>21,399.48</u>
	<u>30,242.92</u>	<u>30,242.92</u>	<u>2,004.00</u>	<u>28,238.92</u>
	E		E-4	E-1

Borough of Branchville, N.J.

Schedule of Improvement Authorizations

Sewer Utility Capital Fund

Year Ended December 31, 2021

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2020		Balance Dec. 31, 2021	
				Funded	Unfunded	Funded	Unfunded
06-04	Construction of Sewer System	08/14/04	405,059.80	1,128.44	-	1,128.44	-
06-10	Construction of Sewer System	10/20/10	2,595,000.00	-	422,238.82	-	422,238.82
				<u>1,128.44</u>	<u>422,238.82</u>	<u>1,128.44</u>	<u>422,238.82</u>
				E	E	E	E

Borough of Branchville, N.J.

Schedule of Reserves

Sewer Utility Capital Fund

Year Ended December 31, 2021

<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2020</u>	<u>Decreased</u>	<u>Balance</u> <u>Dec. 31, 2021</u>
Reserve for Capital Outlay	239,217.44	-	239,217.44
Reserve for Debt Service	642,624.78	35,000.00	607,624.78
	<u>881,842.22</u>	<u>35,000.00</u>	<u>846,842.22</u>
	E	E-16	E

Borough of Branchville, N.J.

Schedule of Sewer Capital Improvement Fund

Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	E	10,000.00
Increased by:		
Budget Appropriation	E-16	<u>5,000.00</u>
Balance - December 31, 2021	E	<u><u>15,000.00</u></u>

Borough of Branchville, N.J.
Schedule of Reserve for Amortization
Sewer Utility Capital Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	E	2,888,097.67
Increased by:		
USDA Loan Paid by Operating Budget	E-24	<u>66,283.63</u>
Balance - December 31, 2021	E	<u><u>2,954,381.30</u></u>

Borough of Branchville, N.J.

Schedule of Deferred Reserve for Amortization

Sewer Utility Capital Fund

Year Ended December 31, 2021

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Ordinance</u>	<u>Balance, Dec. 31, 2020</u>	<u>Balance, Dec. 31, 2021</u>
06-04	Construction of a Sewer System	8/18/04	424,059.80	424,059.80
			<u>E</u>	<u>E</u>

Borough of Branchville, N.J.

Schedule of USDA Loans Payable

Sewer Utility Fund

Year Ended December 31, 2021

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Maturities Outstanding December 31,</u>		<u>Interest Rate</u>	<u>Dec. 31, 2020</u>	<u>Decreased</u>	<u>Dec. 31, 2021</u>
			<u>Date</u>	<u>Amount</u>				
Construction of Sewer System	09/02/16	1,717,000.00	03-02-21 to 09/02/56	See Notes	2.250%	1,605,825.97	29,383.27	1,576,442.70
Construction of Sewer System	09/02/16	2,367,000.00	03-02-21 to 09/02/56	See Notes	2.750%	2,229,076.36	36,900.36	2,192,176.00
						<u>3,834,902.33</u>	<u>66,283.63</u>	<u>3,768,618.70</u>
						<u>E</u>	<u>E-22</u>	<u>E</u>

Borough of Branchville, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Sewer Utility Capital Fund

Year Ended December 31, 2021

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Balance, Dec. 31, 2020</u>	<u>Balance, Dec. 31, 2021</u>
06-10	Construction of Sewer System	<u>838,000.00</u> Footnote E	<u>838,000.00</u> Footnote E

Borough of Branchville, N.J.

Schedule of Cash-Treasurer

Public Assistance Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>P.A.T.F. Account #1</u>
Balance - December 31, 2020	F	2,866.89
Increased by Receipts:		
Interest	F-2	<u>4.53</u>
Balance - December 31, 2021	F	<u><u>2,871.42</u></u>

Borough of Branchville, N.J.
Schedule of Cash and Reconciliation
Public Assistance Fund
Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> F	2,866.89
Increased by Receipts:		
Cash Receipts Record	F-1;F-3	4.53
Balance - December 31, 2021	F	2,871.42
<u>Reconciliation - December 31, 2021</u>		<u>P.A.T.F.</u> <u>Account #1</u>
Balance on Deposit per Statement of: Lakeland Bank Savings		2,871.42
Balance - December 31, 2021		2,871.42

Borough of Branchville, N.J.
Schedule of Revenues - Cash Basis
Public Assistance Fund
Year Ended December 31, 2021

	<u>Ref.</u>	<u>P.A.T.F.</u> <u>Account #1</u>
Interest Earned	F-2;F-4	<u>4.53</u>
Total Receipts		<u>4.53</u>

Borough of Branchville, N.J.
Schedule of Reserve for Public Assistance
Public Assistance Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	F	2,866.89
Increased by:		
Receipts	F-3	<u>4.53</u>
Balance - December 31, 2021	F	<u><u>2,871.42</u></u>

BOROUGH OF BRANCHVILLE

PART II

*** * * * ***

**REPORT ON INTERNAL CONTROL AND ON COMPLIANCE
AND OTHER MATTERS**

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021



WIELKOTZ & COMPANY ^{LLC}

CERTIFIED PUBLIC ACCOUNTANTS

Steven D. Wielkocz, CPA, RMA, PSA
Matthew B. Wielkocz, CPA, PSA
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**INDEPENDENT AUDITOR'S 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**

Honorable Mayor and
Members of the Borough Council
Borough of Branchville
Branchville, New Jersey 07826

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements-regulatory basis of the Borough of Branchville in the County of Sussex as of and for the year ended December 31, 2021 and the related notes to the financial statements, and have issued our report thereon dated August 31, 2022, which was adverse due to being presented in accordance with New Jersey regulatory basis of accounting.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements-regulatory basis, we considered the Borough of Branchville's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements-regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Branchville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Branchville'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement



of the entity'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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2020-01, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Branchville's financial statements-regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Borough of Branchville in the accompanying comments and recommendations section of this report.

Borough of Branchville's Responses to Findings

The Borough of Branchville's response to the findings identified in our audit are described in the accompanying Summary of Findings & Responses section of our audit. The Borough's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

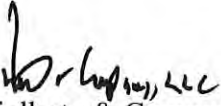


Honorable Mayor and
Members of the Borough Council
Page 3

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 Branchville 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 Branchville internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.


Steven D. Wielkotz, C.P.A.
Registered Municipal Accountant


Wielkotz & Company, LLC
Certified Public Accountants

Pompton Lakes, New Jersey

August 31, 2022



BOROUGH OF BRANCHVILLE
SUMMARY OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2021

Summary of Auditor's Results:

An unmodified opinion was issued on the Borough's financial statements prepared on an other comprehensive basis of accounting.

The audit did disclose a significant deficiency in the internal controls of the Borough.

The Borough was not subject to the single audit provisions of Uniform Guidance and State Circular 15-08 OMB for 2020 as grant expenditures were less than the single audit thresholds identified in the Circulars.

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

The audit did disclose findings required to be reported under Generally Accepted Government Auditing Standards, as follows:

Finding 2020-01:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Tax Collector, Water and Sewer Utility Collector's Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack of Internal Control and will consider strengthening internal control within reason of the costs and benefits derived.

Recommendation

That adequate segregation of duties within the Tax Collector, Water and Sewer Utility Collector departments be maintained.

Management Response:

The Borough will consider strengthening internal control within reason of costs, benefits derived and budget constraints.

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

BOROUGH OF BRANCHVILLE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

Finding 2019-01:

Condition:

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Tax Collector, Water and Sewer Utility Collector's Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack of Internal Control and will consider strengthening internal control within reason of the costs and benefits derived.

Current Status:

Condition still exists.

GENERAL COMMENTS

Cash Balances

Cash balances in all funds were verified by independent certificates obtained from the depositories as of December 31, 2021, and at August 31, 2022, in connection with the supplemental reconciliations made for all officials. Cash on hand was counted on that date.

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

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

- a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.
- b. Any contracts made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (I) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A:11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.
- c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L. 1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L. 1971, c.198 (C.40A:11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. That adjustment shall become effective on July 1 of the year in which it is made."

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

GENERAL COMMENTS (CONTINUED)

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

Effective July 1, 2015, the bid threshold in accordance with N.J.S.A. 40A:11-3 and 40A:11-4 (as amended) is \$17,500.00 and with a qualified purchasing agent the threshold may be up to \$40,000.00. Effective July 1, 2020, this amount is \$44,000.00.

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

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

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

Our review of the Borough's minutes indicated that resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5.

Our examination of expenditures did not reveal any individual payments, contracts or agreements in excess of the statutory threshold "for the performance of any work or the furnishing or hiring of any materials or supplies," other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The Borough is a member of the Morris County and Sussex County Co-op Pricing Council.

Collection of Interest on Delinquent Taxes and Assessments

R.S. 54:4-67 provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date they would become delinquent.

The governing body on January 6, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Mayor and Council of the Borough of Branchville, Sussex County, New Jersey, that the rate of interest charged on delinquent taxes in the Borough of Branchville shall be as follows:

WHEREAS, New Jersey Statute provides the method for authorizing interest and the maximum rate to be charged for non-payment of taxes or assessments on, or before the date when they would become delinquent.

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

NOW, THEREFORE, BE IT RESOLVED by the Borough Council of the Borough of Branchville, County of Sussex, State of New Jersey, that interest on delinquent taxes for the period beginning January 6th, 2021, be charged in the amount of 8% up to \$1,500.00 and 18% over \$1,500.00.

It appears from an examination of the Collector's record, that interest was collected in accordance with the forgoing resolution.

Delinquent Taxes and Tax Title Liens

During 2020 there was no tax sale.

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

<u>Year</u>	<u>Number of Liens</u>
2021	2
2020	2
2019	2

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services.

The results of the test, which was made as of December 31, 2021 is not yet known, but a separate report will be rendered if any irregularities are developed.

In addition, analytical review procedures were utilized to ascertain the validity of the receivables.

Technical Accounting Directives

Beginning January 1, 1986, the Borough of Branchville is required to have installed Fixed Assets General Ledger Accounting system and Encumbrance system.

Technical accounting directives were issued and forwarded to the Borough of Branchville from Division of Local Government Services and the Local Finance Board pursuant to N.J.S.A. 52:27BB through 32. As to the filing date of this report of audit, the Borough maintains a Fixed Asset accounting and reporting system, an Encumbrance and General Ledger accounting system.

OTHER COMMENTS

Finance

1. In some cases, goods are being purchased and services are being rendered without being properly encumbered in accordance with technical accounting directive 85-1.

Management Response:

In the future, encumbrances will be recorded prior to goods being purchased and services being rendered.

2. During 2021 the Chief Financial Officer did not reconcile the extended tax duplicate book to the tax computer software.

Management Response:

In the future, the Chief Financial Officer will reconcile the extended tax duplicate book to the tax computer software.

3. No accounting for fixed asset additions and deletions was available for audit.

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Tax Collector, Water and Sewer Utility Collector's Departments. Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to misappropriate funds and prevent detection within a reasonable period of time. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough was made aware of this lack of Internal Control and will consider strengthening internal control within reason of the costs and benefits derived.

Management Response:

The Borough will consider strengthening internal control within reason of costs, benefits derived and budget constraints.

RECOMMENDATIONS

It is recommended:

1. That encumbrances be issued prior to goods being purchased and services rendered in accordance with technical accounting directive 85-1.
2. That adequate segregation of duties within the Tax Collector, Water and Sewer Utility Collector departments be maintained.
3. That the Chief Financial Officer reconcile the extended tax duplicate book to the tax computer software.
4. That a fixed asset listing be maintained in accordance with technical accounting directive 85-2.

Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year's recommendations and corrective action was taken on all, with the exception of the following:


1. That encumbrances be issued prior to goods being purchased and services rendered.
2. That adequate segregation of duties within the Tax Collector, Water and Sewer Utility Collector departments be maintained.
3. That the Chief Financial Officer reconcile the extended tax duplicate book to the tax computer software.

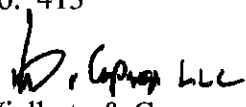
* * * * *

The problems and weaknesses noted in our review were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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

Very Truly Yours,


Steven D. Wielkocz, C.P.A.
Registered Municipal Accountant
No. 413


Wielkocz & Company, LLC
Certified Public Accountants