

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

BOROUGH OF SUSSEX, N.J.
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YEAR ENDED DECEMBER 31, 2021

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BOROUGH OF SUSSEX

PART I

REPORT OF AUDIT ON FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
THOMAS M. FERRY, CPA, RMA, PSA

HEADQUARTERS
401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
(973)-835-7900
OFFICE@W-CPA.COM

ROCKAWAY OFFICE
100 ENTERPRISE DRIVE
SUITE 301
ROCKAWAY, NEW JERSEY 07866
(973)-835-7900

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the Borough Council
Borough of Sussex
Sussex, New Jersey 07461

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 Sussex 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 Sussex 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 Sussex, 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 Sussex 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 Sussex'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 opinion. 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 Sussex'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 9, 2022 on our consideration of the Borough of Sussex'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 Sussex's internal control over financial reporting and compliance.



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



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

August 9, 2022



Borough of Sussex, 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	1,431,035.72	1,231,537.20
Change Fund	A-5	100.00	100.00
Escrow on Purchase of 3 E Main St	A-6	1,000.00	1,000.00
		<u>1,432,135.72</u>	<u>1,232,637.20</u>
Receivables and Other Assets			
with Full Reserves:			
Delinquent Taxes Receivable	A-7	162,232.24	127,233.35
Tax Title Liens Receivable	A-8	103,136.91	113,924.11
Property Acquired for Taxes - Assessed Valuation	A-9	217,700.00	217,700.00
Interfund Receivables:			
Federal and State Grant Fund	A-11	106,784.36	100,994.31
Animal Control Trust Fund	A-11	2,596.45	978.02
Other Trust Fund	A-11	911.74	-
		<u>593,361.70</u>	<u>560,829.79</u>
Deferred Charges:			
Special Emergency Authorization	A-12	36,000.00	36,000.00
		<u>2,061,497.42</u>	<u>1,829,466.99</u>
Federal and State Grant Fund:			
Interfund - Water/Sewer Capital Fund	A-24	121,054.70	-
Interfund - General Capital Fund	A-25	44,783.04	-
Grants Receivable	A-26	273,319.49	396,967.69
		<u>439,157.23</u>	<u>396,967.69</u>
		<u>2,500,654.65</u>	<u>2,226,434.68</u>

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

Borough of Sussex, 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			
Unencumbered	A-3;A-13	271,312.05	274,856.34
Encumbered	A-3;A-13	21,407.35	14,097.33
Interfunds Payable:			
Water/Sewer Capital	A-11	103,883.00	-
General Capital	A-11	393,786.37	394,979.37
Tax Overpayments	A-14	4,859.59	13,227.27
Reserve for:			
Revaluation	A-14	7,662.12	7,662.12
Due to State of New Jersey:			
Marriage Surcharge	A-14	150.00	75.00
Senior Citizen and Veteran Deductions	A-15	1,324.97	1,824.97
Accounts Payable	A-16	4,372.02	4,637.02
Prepaid Taxes	A-17	30,454.64	30,721.58
Encumbrances Payable - Various Reserves	A-18	1,371.18	-
County Taxes Payable	A-19	2,635.36	340.34
Regional School Taxes Payable	A-20	49.92	50.44
Regional High School Taxes Payable	A-21	5,356.00	0.50
		<u>848,624.57</u>	<u>742,472.28</u>
Reserve for Receivables	Contra	593,361.70	560,829.79
Fund Balance	A-1	619,511.15	526,164.92
		<u>2,061,497.42</u>	<u>1,829,466.99</u>
Federal and State Grant Fund:			
Interfund Payable - Current Fund	A-22	106,784.36	100,994.31
Encumbrances Payable	A-23	-	921.62
Interfund - Water/Sewer Capital Fund	A-24	-	3,695.30
Appropriated Reserve for Grants	A-27	287,589.83	291,356.46
Unappropriated Reserve for Grants	A-28	44,783.04	-
		<u>439,157.23</u>	<u>396,967.69</u>
		<u>2,500,654.65</u>	<u>2,226,434.68</u>

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

Borough of Sussex, 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	150,000.00	145,000.00
Miscellaneous Revenue Anticipated	A-2	270,395.03	439,979.00
Receipts from Delinquent Taxes	A-2	161,666.82	135,150.61
Receipts from Current Taxes	A-2	4,028,598.62	3,874,469.55
Non-Budget Revenue	A-2	77,674.75	54,715.29
COVID-19 Special Emergency	A-12	-	36,000.00
Other Credits to Income:			
Interfunds Returned		-	72,095.20
Statutory Excess-Animal Control	A-11	1,593.53	978.02
Unexpended Balance of			
Appropriation Reserves	A-13	130,195.41	102,498.35
Prepaid Regional HS School Taxes Returned		-	15,499.00
Total Revenues and Other Income		<u>4,820,124.16</u>	<u>4,876,385.02</u>
Expenditures:			
Budget and Emergency Appropriations:			
Operations - Within "CAPS"			
Salaries and Wages	A-3	295,168.00	281,798.00
Other Expenses	A-3	602,962.00	611,341.00
Deferred Charges and Statutory Expenditures -			
Municipal - Within "CAPS"	A-3	44,205.00	43,660.00
Operations - Excluded From CAPS:			
Salaries and Wages		-	1.00
Other Expenses	A-3	167,609.50	336,940.81
Capital Improvements - Excluded from Caps	A-3	184,850.00	184,850.00
Municipal Debt Service - Excluded from Caps	A-3	97,850.00	106,157.05
Prior Year Marriage Licenses Due to State			
Encumbrances Cancelled		-	5,389.57
Interfund and Other Receivables Advanced	A-11	8,320.22	100,994.31
County Taxes including Added Taxes	A-19	783,784.21	769,895.49
Regional School Tax	A-20	1,607,123.00	1,550,020.00
Regional High School Tax	A-21	784,906.00	723,718.00
Total Expenditures		<u>4,576,777.93</u>	<u>4,714,765.23</u>
Statutory Excess to Fund Balance		243,346.23	161,619.79
Fund Balance, January 1,	A	<u>526,164.92</u>	<u>509,545.13</u>
		769,511.15	671,164.92
Decreased by:			
Fund Balance Utilized as Budget Revenue		<u>150,000.00</u>	<u>145,000.00</u>
Fund Balance, December 31,	A	<u><u>619,511.15</u></u>	<u><u>526,164.92</u></u>

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

Borough of Sussex, N.J.
Statement of Revenues - Regulatory Basis
Current Fund
Year Ended December 31, 2021

	<u>Ref.</u>	<u>Budget</u>	<u>Added by 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Fund Balance Anticipated	A-1	150,000.00	-	150,000.00	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverages	A-10	4,400.00	-	4,385.00	(15.00)
Fees and Permits	A-10	15,500.00	-	17,237.50	1,737.50
Municipal Court	A-10	9,125.00	-	7,782.02	(1,342.98)
Parking Meters	A-10	8,350.00	-	5,333.01	(3,016.99)
Consolidated Municipal Property Tax Relief Aid	A-10	2,417.00	-	2,417.00	-
Energy Receipts Tax	A-10	185,056.00	-	185,056.00	-
Special Items of General Revenue Anticipated					
With Prior Written Consent of Director of					
Local Government Services:					
Public and Private Revenues:					
Recycling Tonnage	A-26	-	13,146.80	13,146.80	-
Clean Communities	A-26	-	4,827.70	4,827.70	-
Other Special Items:					
Housing Inspection Fees	A-10	20,000.00	-	30,210.00	10,210.00
Total Miscellaneous Revenues	A-1	244,848.00	17,974.50	270,395.03	7,572.53
Receipts from Delinquent Taxes	A-1;A-2	125,000.00	-	161,666.82	36,666.82
Subtotal General Revenues		519,848.00	17,974.50	582,061.85	44,239.35
Amount to be Raised by Taxes for Support of					
Municipal Budget-Local Tax for Municipal					
Purposes Including Reserve for Uncollected Taxes	A-2	1,024,079.00	-	1,022,042.41	(2,036.59)
Budget Totals		1,543,927.00	17,974.50	1,604,104.26	42,202.76
Non-Budget Revenue	A-1;A-2	-	-	77,674.75	77,674.75
		<u>1,543,927.00</u>	<u>17,974.50</u>	<u>1,681,779.01</u>	<u>119,877.51</u>
		A-3	A-3		

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

Borough of Sussex, 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-7		4,028,598.62
Allocated to School and County Taxes	A-7		<u>3,175,813.21</u>
Balance for Support of Municipal Budget Appropriations			852,785.41
Add : Appropriation - Reserve for Uncollected Taxes	A-3		<u>169,257.00</u>
Amount for Support of Municipal Budget Appropriations	A-2		<u><u>1,022,042.41</u></u>
Receipts from Delinquent Taxes:			
Delinquent Taxes			
Taxes Receivable	A-7		126,078.45
Tax Title Liens Receivable	A-8		<u>35,588.37</u>
			<u><u>161,666.82</u></u>
			A-2
<u>Analysis of Non-budget Revenues</u>			
Miscellaneous Revenues Not Anticipated:			
Revenues Accounts Receivable:			
Tax Collector	A-10	30,809.87	
Interest on Investments	A-10	<u>7,075.94</u>	
			37,885.81
Cable TV. Franchise Fee		5,994.00	
Planning Board Applications		3,900.00	
Veteran & Sr. Citizen Admin. Fees		160.00	
Copies		2.00	
Zoning & Housing Fees		1,155.00	
Miscellaneous		<u>28,577.94</u>	
	A-4		39,788.94
	A-2		<u><u>77,674.75</u></u>

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

Borough of Sussex, 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>					
Operations Within "CAPS"					
General Administration					
Salaries and Wages		53,200.00	45,200.00	39,397.55	5,802.45
Other Expenses		69,250.00	69,135.00	60,552.64	8,582.36
Mayor and Council					
Salaries and Wages		23,228.00	23,228.00	22,960.85	267.15
Municipal Clerk:					
Salaries and Wages		27,900.00	35,900.00	33,395.67	2,504.33
Other Expenses					
Elections		1,300.00	1,415.00	1,412.25	2.75
Financial Administration					
Other Expenses		29,300.00	29,300.00	15,342.03	13,957.97
Collection of Taxes					
Other Expenses		4,075.00	4,075.00	1,687.72	2,387.28
Tax Maps		2,000.00	2,000.00		2,000.00
Legal Services and Costs					
Other Expenses		58,000.00	58,000.00	40,587.05	17,412.95
Engineering Services and Costs					
Other Expenses		20,000.00	20,000.00	11,131.22	8,868.78

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

Borough of Sussex, 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>
Municipal Land Use Law : (N.J.S. 40:55D-11)					
Planning Board					
Salaries and Wages		9,000.00	9,000.00	8,654.19	345.81
Other Expenses		24,400.00	24,400.00	18,338.18	6,061.82
Property Maintenance Board					
Other Expenses		500.00	500.00	440.32	59.68
Zoning/Code Enforcement					
Salaries and Wages		62,600.00	62,600.00	36,361.91	26,238.09
Other Expenses		500.00	500.00	499.09	0.91
Economic Development Committee					
Other Expenses		500.00	500.00		500.00
Insurance:					
Group Insurance Plan for Employees		100,000.00	94,775.00	71,882.67	22,892.33
Workers Compensation Insurance		39,908.20	39,908.20	39,285.00	623.20
Other Insurance Premiums		17,641.80	22,866.80	22,858.20	8.60
Health Benefit Waiver		1.00	1.00		1.00
Public Safety:					
Police					
Other Expenses		15,000.00	13,600.00	3,026.41	10,573.59

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

Borough of Sussex, N.J.
Statement of Expenditures - Regulatory Basis

Current Fund					
<u>General Appropriations</u>	<u>Ref.</u>	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Crossing Guards:					
Salaries and Wages		12,200.00	12,200.00	7,080.84	5,119.16
Other Expenses		250.00	250.00		250.00
Office of Emergency Management					
Salaries and Wages		3,000.00	3,000.00	3,000.00	-
Fire					
Aid to Volunteer Fire Department		45,000.00	46,400.00	46,398.00	2.00
Streets and Roads:					
Road Repairs and Maintenance					
Salaries and Wages		84,500.00	82,700.00	57,458.56	25,241.44
Other Expenses		73,250.00	57,850.00	47,601.14	10,248.86
Snow Removal					
Salaries and Wages		10,000.00	11,800.00	11,781.61	18.39
Other Expenses		25,000.00	38,250.00	38,195.91	54.09
Street Lighting					
Other Expenses		4,000.00	4,000.00	1,375.16	2,624.84
Garbage and Trash Removal					
Other Expenses		5,750.00	5,750.00	4,988.17	761.83

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

Borough of Sussex, 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		10,000.00	9,540.00	5,361.00	4,179.00
Other Expenses		55,300.00	57,910.00	55,249.76	2,660.24
Health and Welfare:					
Board of Health					
Other Expenses		75.00	75.00		75.00
Registrar					
Other Expenses		500.00	500.00	197.00	303.00
Board of Recreation					
Other Expenses		1,500.00	1,500.00	1,186.14	313.86
Celebration of Public Event					
Other Expenses		500.00	500.00	496.57	3.43
Unclassified:					
Reserve for Pending Tax Appeals					
Other Expenses		1.00	1.00		1.00
Gasoline & Diesel Fuel					
Clove Lake Restoration		9,000.00	9,000.00	3,724.85	5,275.15
Other Expenses					
Total Operations within "CAPS"		<u>898,130.00</u>	<u>898,130.00</u>	<u>711,907.66</u>	<u>186,222.34</u>

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

Borough of Sussex, 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>		898,130.00	898,130.00	711,907.66	186,222.34
Total Operations within "CAPS" Including Contingent					
Detail:					
Salaries and Wages	A-1	295,628.00	295,168.00	225,452.18	69,715.82
Other Expenses	A-1	602,502.00	602,962.00	486,455.48	116,506.52
Deferred Charges and Statutory Expenditures - Municipal within "CAPS"					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System		19,105.00	19,105.00	19,100.00	5.00
Social Security System (O.A.S.I.)		22,500.00	22,500.00	16,652.34	5,847.66
Unemployment Compensation Insurance		2,100.00	2,100.00	1,048.83	1,051.17
Defined Contribution Retirement Program		500.00	500.00		500.00
Total Deferred Charged and Statutory Expenditures - Municipal within "CAPS"	A-1	44,205.00	44,205.00	36,801.17	7,403.83
Total General Appropriations for Municipal Purposes within "CAPS"		942,335.00	942,335.00	748,708.83	193,626.17

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

Borough of Sussex, 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>					
Operations - Excluded from "CAPS"					
Aid to Vol. Fire Department LOSAP		18,000.00	18,000.00	12,711.12	5,288.88
Total Other Operations - Excluded From Caps		18,000.00	18,000.00	12,711.12	5,288.88
Interlocal Municipal Service Agreements					
Township of Wantage:					
Animal Control Agreement		10,815.00	10,815.00	10,811.00	4.00
Other Expenses					
Tax Collector		9,565.00	9,565.00	9,562.00	3.00
Other Expenses					
Tax Assessor		11,925.00	11,925.00	11,925.00	-
Other Expenses					
Municipal Court		44,800.00	44,800.00	44,797.00	3.00
Other Expenses					
County of Sussex					
"911" Dispatching Communication		11,530.00	11,530.00	11,527.00	3.00
Other Expenses					
Township of Hardyston:					
Construction Agreement		5,000.00	5,000.00	-	5,000.00
Other Expenses					

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

Borough of Sussex, 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>
Borough of Ogdensburg					
Finance Office		38,000.00	38,000.00	32,771.19	5,228.81
Other Expenses		131,635.00	131,635.00	121,393.19	10,241.81
Total Public and Private Program Offset by Revenue					
Public and Private Programs Offset by Revenues					
Recycling Tonnage Grant		13,146.80	13,146.80	13,146.80	-
Other Expenses		4,827.70	4,827.70	4,827.70	-
Clean Communities Grant		17,974.50	17,974.50	17,974.50	-
Other Expenses		167,609.50	167,609.50	152,078.81	15,530.69
Total Public and Private Program Offset By Revenues	A-1				
Total Operations - Excluded from "CAPS"					
Capital Improvements:					
Capital Improvement Fund		63,000.00	63,000.00	63,000.00	-
Improvements to Streets and Roads		36,000.00	36,000.00	19,380.95	16,619.05
Purchases of Equipment		11,000.00	11,000.00	259.99	10,740.01
Improvements to Municipal Properties		15,000.00	15,000.00	12,892.52	2,107.48
Purchase of Fire Truck		11,850.00	11,850.00		11,850.00
Purchase of Fire Equipment		28,000.00	28,000.00	4,180.00	23,820.00

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

Borough of Sussex, 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>					
Purchase of DPW Equipment		20,000.00	20,000.00	1,574.00	18,426.00
Total Capital Improvements Excluded from "CAPS"	A-1	184,850.00	184,850.00	101,287.46	83,562.54
Municipal Debt Service:					
Payment of Bond Anticipation Notes and Capital Notes		85,500.00	85,500.00	85,500.00	-
Interest on Notes		12,350.00	12,350.00	12,350.00	-
Total Municipal Debt Service-Excluded from "CAPS"	A-1	97,850.00	97,850.00	97,850.00	-
Total General Appropriations for Municipal Purposes Excluded from "CAPS"		450,309.50	450,309.50	351,216.27	99,093.23
Subtotal General Appropriations		1,392,644.50	1,392,644.50	1,099,925.10	292,719.40
Reserve for Uncollected Taxes		169,257.00	169,257.00	169,257.00	-
Total General Appropriations		1,561,901.50	1,561,901.50	1,269,182.10	292,719.40
Adopted Budget	<u>Ref.</u>				
Appropriated by N.J.S. 40A:4-87	A-2		1,543,927.00		
	A-2		17,974.50		
			<u>1,561,901.50</u>		

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

Borough of Sussex, 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>					
<u>Analysis of Paid or Charged</u>					
Reserve for Uncollected Taxes	A-2		169,257.00		
Cash Disbursed	A-4		1,081,950.60		
Reserve for Federal and State Grants	A-27		17,974.50		
			<u>1,269,182.10</u>		
<u>Analysis of Appropriation Reserves</u>					
Unencumbered	A				271,312.05
Encumbered	A				21,407.35
					<u>292,719.40</u>

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

Borough of Sussex, 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- Treasurer	B-1	6,909.25	5,884.82
Other Trust Funds:			
Cash	B-1	204,377.52	156,516.28
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Cash in Plan	B-1	439,876.62	375,861.89
Contributions Receivable	B-8	11,253.57	12,711.12
		<u>451,130.19</u>	<u>388,573.01</u>
		<u>662,416.96</u>	<u>550,974.11</u>
 <u>Liabilities, Reserves & Fund Balance</u>			
Animal Control Trust Fund:			
Reserve for Animal Control			
Trust Expenditures	B-2	4,305.60	4,898.40
Due To Current Fund	B-3	2,596.45	978.02
Due to State Department of Health	B-4	7.20	8.40
		<u>6,909.25</u>	<u>5,884.82</u>
Other Trust Fund:			
Reserve for Various Reserves	B-5	195,785.05	131,676.28
Encumbrances Payable	B-6	1,500.00	24,840.00
Due to Current Fund	B-7	911.74	-
Due to Water/Sewer Operating	B-10	6,180.73	-
		<u>204,377.52</u>	<u>156,516.28</u>
Emergency Services Volunteer Length of Service Award Program (Unaudited):			
Net Assets Available for Benefits	B-9	451,130.19	388,573.01
		<u>662,416.96</u>	<u>550,974.11</u>

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

Borough of Sussex, 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	310,047.88	339,497.65
Interfund - Current Fund	C-4	393,786.47	394,979.37
Grants Receivable:			
New Jersey Department of Transportation	C-5	19,402.38	19,402.38
Deferred Charges to Future Taxation:			
Unfunded	C-6	1,263,000.00	617,500.00
		<u>1,986,236.73</u>	<u>1,371,379.40</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Interfund - Federal & State Grant Fund	C-4	44,783.04	-
Capital Improvement Fund	C-7	127,462.23	96,000.00
Improvement Authorizations:			
Funded	C-8	267,392.10	291,058.69
Unfunded	C-8	759,883.03	31,750.03
Bond Anticipation Notes Payable	C-10	532,000.00	617,500.00
Reserve for Encumbrances	C-9	25,327.27	-
Reserve for Various Reserves	C-11	228,832.06	334,513.68
Fund Balance	C-1	557.00	557.00
		<u>1,986,236.73</u>	<u>1,371,379.40</u>

Footnote C: There were Bonds and Notes Authorized But Not Issued on December 31, 2021 and 2020 in the amounts of \$ 731,000.00 and \$-0- per Exhibit C-13.

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

Borough of Sussex, N.J.**Comparative Schedule of Fund Balance - Regulatory Basis****General Capital Fund****December 31,**

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Balance - January 1,	C	<u>557.00</u>	<u>557.00</u>
Balance - December 31,	C	<u>557.00</u>	<u>557.00</u>

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

Borough of Sussex, N.J.

Comparative Balance Sheet - Regulatory Basis

Water/Sewer Utility Fund

December 31,

	<u>Ref</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>			
Operating Fund:			
Cash-Treasurer	D-5	407,755.76	611,303.53
Due From Payroll Fund	D-15	6,180.73	-
Due From Water/Sewer Utility Capital Fund	D-15	74,272.54	97,857.22
		<u>488,209.03</u>	<u>709,160.75</u>
Receivables with Full Reserves:			
Consumer Accounts	D-7	110,541.65	1,270,951.83
Water/Sewer Liens Receivable	D-8	45,845.71	38,246.99
		<u>156,387.36</u>	<u>1,309,198.82</u>
Deferred Charges:			
Special Emergency Authorization (40A: 4-53)	D-20	117,374.00	117,374.00
Special Emergency Appropriation (40A: 4-54)	D-20	21,000.00	-
		<u>138,374.00</u>	<u>117,374.00</u>
Total Operating Fund		<u>782,970.39</u>	<u>2,135,733.57</u>
Capital Fund:			
Cash	D-5;D-6	945,259.82	1,002,123.15
Grants Receivable	D-9	-	269,597.00
Fixed Capital*	D-10	17,004,574.84	17,004,574.84
Fixed Capital Authorized and Uncompleted*	D-11	6,692,794.61	5,580,000.00
NJ Environmental Infrastructure Trust Receivable	D-12	-	299,252.00
Interfund Receivable:			
Current Fund	D-15	103,883.00	-
Federal and State Grants	D-15	-	3,695.30
NJ Department of Transportation Receivable	D-16	304.16	304.16
Total Capital Fund		<u>24,746,816.43</u>	<u>24,159,546.45</u>
Total Assets		<u>25,529,786.82</u>	<u>26,295,280.02</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

Water/Sewer Utility Fund

	December 31,		
	Ref	2021	2020
<u>Liabilities, Reserves and Fund Balance</u>			
Operating Fund:			
Appropriation Reserve:			
Unencumbered	D-4;D-14	28,173.51	319,076.15
Encumbered	D-4;D-14	20,571.08	41,753.69
Water/Sewer Overpayments	D-13	3,492.92	5,052.48
Reserve for Special Emergency	D-17	1,162.50	-
Accrued Interest on Bonds, Loans and Notes	D-18	18,985.00	41,108.01
Accounts Payable	D-19	-	67,109.16
		<u>72,385.01</u>	<u>474,099.49</u>
Reserve for Receivables	Contra	156,387.36	1,309,198.82
Fund Balance	D-1	554,198.02	352,435.26
Total Operating Fund		<u>782,970.39</u>	<u>2,135,733.57</u>
Capital Fund:			
Interfund Payable			
Water / Sewer Utility Operating Fund	D-15	74,272.54	97,857.22
Federal & State Grant Fund	D-15	121,054.70	-
Improvement Authorizations:			
Funded	D-21	418,105.13	942,371.94
Unfunded	D-21	2,817,214.72	1,735,817.23
Capital Improvement Fund	D-22	37,920.00	27,920.00
Reserve for Amortization	D-23	13,208,720.84	13,104,944.49
Reserve for Deferred Amortization	D-24	1,613,327.00	1,179,623.00
Serial Bonds Payable	D-25	3,423,000.00	4,013,000.00
Bond Anticipation Notes Payable	D-26	1,923,155.00	1,979,155.00
General Obligation Loans Payable:			
NJ Environment Infrastructure Trust Loan Payable	D-27	833,705.61	918,508.35
Reserve for:			
Debt Service	D-28	214,892.00	-
Encumbrances	D-29	12,280.72	123,603.44
Fund Balance	D-2	49,168.17	36,745.78
Total Capital Fund		<u>24,746,816.43</u>	<u>24,159,546.45</u>
Total Liabilities, Reserves and Fund Balances		<u>25,529,786.82</u>	<u>26,295,280.02</u>

Footnote D: There Were \$1,389,344.00 and \$2,695,461.00 Bonds and Notes Authorized But Not Issued on December 31, 2020 and 2021 as per Exhibit D-30.

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

Borough of Sussex, N.J.

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

Water/Sewer Utility Operating Fund

Year Ended December 31,

	<u>Ref.</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized:			
Operating Surplus Anticipated	D-3	180,000.00	168,182.00
Water/Sewer Rents	D-3	2,387,454.50	2,207,364.01
Capital Outlay - Utility Capital Fund		-	32,181.69
Utility Capital Surplus	D-3	12,737.00	47,464.69
Miscellaneous Revenues Not Anticipated	D-3	61,930.50	17,129.35
Other Credits to Income:			
Special Emergency - COVID 19			
Revenue Replacement		-	117,374.00
Unexpended Balance of Appropriation Reserves	D-14	61,266.34	50,972.68
Accounts Payable Canceled	D-19	67,109.16	-
Total Income		<u>2,770,497.50</u>	<u>2,640,668.42</u>
Expenditures:			
Operating	D-4	1,748,927.00	1,913,325.00
Debt Service	D-4	604,202.74	623,572.00
Deferred Charges and Statutory Expenditures	D-4	<u>56,605.00</u>	<u>35,660.00</u>
Total Expenditures		<u>2,409,734.74</u>	<u>2,572,557.00</u>
Excess (Deficit) in Revenue over Expenditures		360,762.76	68,111.42
Expenditures Included Above Which are by Statute			
Special Emergency - Tropical Storm Ida		<u>21,000.00</u>	
		381,762.76	
Fund Balance - January 1,	D	<u>352,435.26</u>	<u>452,505.84</u>
		734,198.02	520,617.26
Decreased by:			
Utilized as Anticipated Revenue		<u>180,000.00</u>	<u>168,182.00</u>
Fund Balance - December 31,	D	<u><u>554,198.02</u></u>	<u><u>352,435.26</u></u>

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

Borough of Sussex, N.J.

Statement of Fund Balance - Statutory Basis

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> D		36,745.78
Increased by:			
Premium on Bond Sale	D-5	24,695.00	
Improvement Authorization Canceled	D-23	<u>156,464.39</u>	
			<u>181,159.39</u>
			217,905.17
Decreased by:			
Anticipated Operating Revenue	D-15	12,737.00	
Appropriated to Finance Improvement Authorizations	D-24	<u>156,000.00</u>	
			<u>168,737.00</u>
Balance - December 31, 2021	D		<u><u>49,168.17</u></u>

D-3

Statement of Revenues - Regulatory Basis

Water/Sewer 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	180,000.00	180,000.00	-
Water/Sewer Rents	D-1;D-3	2,205,000.00	2,387,454.50	182,454.50
Utility Capital Surplus	D-1; D-15	<u>12,737.00</u>	<u>12,737.00</u>	-
Budget Totals		<u>2,397,737.00</u>	<u>2,580,191.50</u>	<u>182,454.50</u>
Non-Budget Revenue	D-1; D-3	-	61,930.50	61,930.50
		<u>2,397,737.00</u>	<u>2,642,122.00</u>	<u>244,385.00</u>
		D-4		
<u>Analysis of Water/Sewer Rents</u>				
Rents Received	D-7	2,382,402.02		
Overpayments Applied	D-7	<u>5,052.48</u>		
			<u>2,387,454.50</u>	
			D-3	
<u>Analysis of Non-Budget Revenues</u>				
Fire Hydrant Servicing		3,313.09		
Interest on Delinquent Payments		6,709.70		
Interest on Investments		4,447.14		
Miscellaneous		<u>47,460.57</u>		
	D-5		<u>61,930.50</u>	

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

Borough of Sussex, N.J.
Statement of Expenditures - Regulatory Basis
Water/Sewer Operating Fund
Year Ended December 31, 2021

	Ref.	Appropriated		Expended		Unexpended Balance Cancelled
		Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:						
Salaries and Wages		230,015.00	190,515.00	168,585.65	21,929.35	-
Other Expenses		1,518,912.00	1,558,412.00	1,545,348.42	13,063.58	-
Total Operating	D-1	<u>1,748,927.00</u>	<u>1,748,927.00</u>	<u>1,713,934.07</u>	<u>34,992.93</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal		290,000.00	290,000.00	290,000.00	-	-
Payment of Bond Anticipation Notes and Capital Notes		65,000.00	65,000.00	56,000.00	-	9,000.00
Interest on Bonds		128,970.00	128,970.00	128,970.00	-	-
Interest on Notes		34,700.00	34,700.00	34,700.00	-	-
NJEIT Principal Payments		84,805.00	84,805.00	84,802.74	-	2.26
NJEIT Interest Payments		9,730.00	9,730.00	9,730.00	-	-
Total Debt Service	D-1	<u>613,205.00</u>	<u>613,205.00</u>	<u>604,202.74</u>	<u>-</u>	<u>9,002.26</u>
Deferred Charges and Statutory Expenditures:						
Deferred Charges:						
Emergency Authorization		-	21,000.00	10,668.75	10,331.25	-
Total Deferred Charges		<u>-</u>	<u>21,000.00</u>	<u>10,668.75</u>	<u>10,331.25</u>	<u>-</u>
Statutory Expenditures:						
Contribution to:						
Public Employees' Retirement System		19,105.00	19,105.00	19,105.00	-	-
Social Security System (O.A.S.I.)		15,000.00	15,000.00	12,111.45	2,888.55	-
Unemployment Compensation Insurance		1,500.00	1,500.00	968.14	531.86	-
Total Statutory Expenditures		<u>35,605.00</u>	<u>35,605.00</u>	<u>32,184.59</u>	<u>3,420.41</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures	D-1	<u>35,605.00</u>	<u>56,605.00</u>	<u>42,853.34</u>	<u>13,751.66</u>	<u>-</u>

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

Borough of Sussex, N.J.
Statement of Expenditures - Regulatory Basis
Water/Sewer Operating Fund
Year Ended December 31, 2021

		<u>Appropriated</u>	<u>Expended</u>		<u>Unexpended</u>	
	<u>Ref.</u>	<u>Budget</u>	<u>After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
Total Water/Sewer Utility Appropriations		2,397,737.00	2,418,737.00	2,360,990.15	48,744.59	9,002.26
<u>Analysis of Appropriations</u>						
Budget Appropriations	D-3		2,397,737.00			
Emergency Appropriations	D-20		21,000.00			
			<u>2,418,737.00</u>			
<u>Analysis of Paid or Charged</u>						
Cash Disbursed	D-5			2,176,921.40		
Reserve for Speical Emergency	D-17			10,668.75		
Accrued Interest	D-18			173,400.00		
				<u>2,360,990.15</u>		
<u>Analysis of Appropriation Reserves</u>						
Unencumbered	D				28,173.51	
Encumbered	D				20,571.08	
					<u>48,744.59</u>	

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

Borough of Sussex, N.J.
General Fixed Assets Account Group
Comparative Balance Sheet
December 31,

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Land, Building and Building Improvements	2,141,800.00	2,141,800.00
Machinery and Equipment	<u>2,647,599.00</u>	<u>2,647,599.00</u>
	<u>4,789,399.00</u>	<u>4,789,399.00</u>
<u>RESERVES</u>		
Investment in Fixed Assets	<u>4,789,399.00</u>	<u>4,789,399.00</u>

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

BOROUGH OF SUSSEX, 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 Sussex 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 separate funds which differ from the fund structure required by GAAP.

A. Reporting Entity

The Borough of Sussex (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, water/sewer system, 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.

BOROUGH OF SUSSEX, 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 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.

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/Sewer Operating and Water/Sewer Capital Funds - These funds account for the operations and acquisition of capital facilities of the municipally owned Water/Sewer utility.

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 SUSSEX, 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)

Basis of Accounting

A modified accrual basis of accounting is followed by the Borough of Sussex. 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 (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, remain 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, Water/Sewer Operating Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual.

BOROUGH OF SUSSEX, 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)

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.

Budgets and Budgetary Accounting

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

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

Animal Control Trust Fund	Trust Fund
General Capital Fund	Water/Sewer Utility 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 calendar year, the governing body may, by a 2/3 vote, amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2021, the Governing Body added \$17,974.50 to the Current Fund budget as special items of revenue and appropriation. In addition, several budget transfers were approved by the governing body.

BOROUGH OF SUSSEX, 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)

Expenditures - Are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless 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.

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.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

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 fair value cost and are limited by NJSA 40A:5-15.1(a).

BOROUGH OF SUSSEX, 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)

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.

General Fixed Assets - The Borough of Sussex has developed a fixed asset accounting and reporting system, as promulgated by the Division of Local Government Services, which differs 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 and sidewalks and drainage systems are not capitalized.

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

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.

BOROUGH OF SUSSEX, 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)

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.

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.

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BOROUGH OF SUSSEX, N.J.

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

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State 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 \$169,257.00 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 \$150,000.00.

Interdepartment 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 Borough 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 was one (1) special item of revenue and appropriation inserted into the annual budget: Clean Communities, \$4,827.70 and Recycling Tonnage, \$13,146.80.

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 was a special emergency in amount of \$21,000.00 in the Water and Sewer Operating Fund.

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 following deferred charges are show on the balance sheets of the various funds:

	<u>Balance Dec. 31, 2021</u>	<u>2022 Budget Appropriation</u>	<u>Balance to Succeeding Years</u>
Current Fund	<u>\$36,000.00</u>	<u>\$7,200.00</u>	<u>\$28,800.00</u>
Water/ Sewer Utility Operating Fund	<u>\$138,374.00</u>	<u>\$23,475.00</u>	<u>\$114,899.00</u>

BOROUGH OF SUSSEX, 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>
Land and Buildings	\$2,141,800.00	\$2,141,800.00
Machinery and Equipment		
	<u>2,647,599.00</u>	<u>2,647,599.00</u>
	<u>\$4,789,399.00</u>	<u>\$4,789,399.00</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>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Water/Sewer Capital Fund:					
General Bonds	\$4,013,000.00	\$2,960,000.00	\$3,550,000.00	\$3,423,000.00	\$305,000.00
NJ Environmental Infrastructure Loan Payable	<u>918,508.35</u>		<u>84,802.74</u>	<u>833,705.61</u>	<u>90,058.33</u>
	<u>\$4,931,508.35</u>	<u>\$2,960,000.00</u>	<u>\$3,634,802.74</u>	<u>\$4,256,705.61</u>	<u>\$395,058.33</u>

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 SUSSEX, N.J.

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

NOTE 5: MUNICIPAL DEBT (CONTINUED)

**SUMMARY OF MUNICIPAL DEBT -
(EXCLUDING CURRENT AND OPERATING DEBT AND TYPE II SCHOOL DEBT)**

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued:</u>			
General:			
Bonds, Notes and Loans	\$532,000.00	\$617,500.00	\$703,000.00
Water/Sewer Utility:			
Bonds, Notes and Loans	<u>6,179,860.61</u>	<u>6,910,663.35</u>	<u>7,146,073.13</u>
Total Issued	<u>6,711,860.61</u>	<u>7,528,163.35</u>	<u>7,849,073.13</u>
 <u>Authorized But Not Issued:</u>			
Water/Sewer Utility:			
Bonds and Notes	<u>2,695,461.00</u>	<u>1,389,344.00</u>	<u>1,389,344.00</u>
General:			
Bonds and Notes	<u>731,000.00</u>	-	-
Total Authorized But Not Issued	<u>3,426,461.00</u>	-	-
 Net Bonds and Notes Issued and Authorized But Not Issued	<u>10,138,321.61</u>	<u>8,917,507.35</u>	<u>9,238,417.13</u>
Less Applicable Deductions	<u>8,875,321.61</u>	<u>8,300,007.35</u>	<u>8,535,417.13</u>
 Net Debt	<u>\$1,263,000.00</u>	<u>\$617,500.00</u>	<u>\$703,000.00</u>

COMPARISON OF AVERAGE OF EQUALIZED VALUATION PER N.J.S. 40A:2-2

2021	\$133,060,368.67	
2020		\$129,667,630.33
2019		\$131,118,282.67

SUMMARY OF STATUTORY DEBT CONDITION - ANNUAL DEBT STATEMENT

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 statement net debt of 0.949%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water/Sewer Utility Debt	\$8,875,321.61	\$8,875,321.61	\$ -0-
General Debt	<u>1,263,000.00</u>	<u>-0-</u>	<u>1,263,000.00</u>
	<u>\$10,138,321.61</u>	<u>\$8,875,321.61</u>	<u>\$1,263,000.00</u>

Net Debt \$1,263,000.00 divided by equalized valuation basis per N.J.S. 40A:2-2 as amended, \$133,060,367.67 = 0.949%.

BOROUGH OF SUSSEX, 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:20-6 AS AMENDED

3 ½% of Equalized Valuation Basis (Municipal)	\$4,657,112.90
Net Debt	<u>1,263,000.00</u>
Remaining Borrowing Power	<u>\$3,394,112.90</u>

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

Cash receipts from fees, rents or other charges for		<u>\$2,642,122.00</u>
Deductions:		
Operating and Maintenance Cost	\$1,784,532.00	
Debt Service Per Water/Sewer Account	<u>604,202.74</u>	
Total Deductions		<u>2,388,734.74</u>
Excess/(Deficit) in Revenue		<u>\$253,387.26</u>

FOOTNOTE: If there is an "excess in revenue", all such utility debt is deductible.

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

Details of Long-Term Debt as of December 31, 2021 is as follows:

Outstanding debt whose principle and interest are paid from the Water/Sewer Utility Operating Budget of the Borough:

General Obligation Bonds of 2005 dated 11/01/05, in the amount of \$1,193,000.00 - Interest is paid semi-annually at a rate of 5.00% per annum. The remaining balance as of December 31, 2021 was \$233,000.00.

On July 1, 2012, the Borough issued \$5,515,000.00 in Water/Sewer Refunding Bonds to refund a FHA Loan for four USDA Loans. Interest is paid semi-annually at a rate of 2.50% - 3.75%.

The remaining balance as of December 31, 2021 was \$230,000.00.

On October 21, 2021, the Borough issued \$2,960,000.00 in Water/Sewer Refunding Bonds to refund the Refunding Bonds of 2012. Interest is paid semi-annually at a rate of 4%. The remaining balance as of December 31, 2021 was \$2,960,000.00.

BOROUGH OF SUSSEX, N.J.

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

NOTE 5: MUNICIPAL DEBT (CONTINUED)

NJ Environmental Infrastructure Loans Payable

On February 17, 2010, the Borough of Sussex entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the revised aggregate amounts of \$596,000.00 which represents a direct obligations of the Borough. The loan agreements were obtained to finance the repair and painting of water storage tanks.

Principal payments to the "Fund" commenced August 1, 2010, and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The balances remaining as of December 31, 2020 are \$73,556.34 and \$181,830.55.

On December 2, 2010, the Borough of Sussex entered into two loan agreements with the State of New Jersey, acting by and through the NJ Department of Environmental Protection Fund (the "Fund"), and the NJ Wastewater Treatment Trust (the "Trust"), in the revised aggregate amounts of \$1,110,400.00 which represents a direct obligations of the Borough. The loan agreements were obtained to finance the repair and painting of water storage tanks.

Principal payments to the "Fund" commenced August 1, 2011, and will continue on a semiannual basis over 20 years. It is expected that interest will be paid from trust bond proceeds on deposit in the capitalized interest account (as defined in the bond resolution), and earnings thereon on the debt service reserve fund (as defined in the bond resolution) transferred to such capitalized interest account. The balances remaining as of December 31, 2021 are \$315,000.00 and \$263,318.72.

Also, an annual administrative fee of fifteen hundredths of one percent (.15%) of the initial amount of the loan or such lesser amount, if any, as the Trust may approve from time to time is payable on these loans.

Total Water/Sewer Utility Capital Bonds and Loans listed above - \$4,256,705.61

BOROUGH OF SUSSEX, N.J.

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

NOTE 5: MUNICIPAL DEBT (CONTINUED)

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

<u>Year</u>	<u>Water/Sewer Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$395,058.33	\$111,631.55	\$506,689.88
2023	375,337.62	138,750.88	514,088.50
2024	335,638.26	125,750.24	461,388.50
2025	318,957.52	113,830.98	432,788.50
2026	271,297.52	102,190.98	373,488.50
2027-2031	1,375,416.36	362,956.96	1,738,373.32
2032-2036	1,145,000.00	120,900.00	1,265,900.00
2037	<u>40,000.00</u>	<u>800.00</u>	<u>40,800.00</u>
	<u>\$4,256,705.61</u>	<u>\$1,076,811.59</u>	<u>\$5,333,517.20</u>

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 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.

The following activity related to bond anticipation notes occurred during the calendar year ended December 31, 2021.

On December 31, 2021, the Borough had \$532,000.00 in outstanding General Capital Bond Anticipation Notes. The interest rate on this note was 1.51% and it is set to mature on October 21, 2022. It is the intent of the Borough to renew this note for another one year period. Principal and interest on this note are paid from the Current Fund budget.

BOROUGH OF SUSSEX, N.J.

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

NOTE 6: BOND ANTICIPATION NOTES (CONTINUED)

On December 31, 2021, the Borough had \$1,923,155.00 in outstanding Water/Sewer Utility Bond Anticipation Notes. The interest rate on this note was 1.50% and it is set to mature on October 21, 2022. It is the intent of the Borough to renew this note for another one year period. Principal and interest on this note are paid from the Water/Sewer Utility Operating budget.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Capital Fund:				
Oppenheimer & Co.	\$0.00	\$532,000.00	\$0.00	532,000.00
BNY Mellon Capital Markets	617,500.00	-	617,500.00	0.00
Water/Sewer Capital Fund:				
BNY Mellon Capital Markets	1,979,155.00	-	1,979,155.00	0.00
Oppenheimer & Co.		<u>1,923,155.00</u>	-	<u>1,923,155.00</u>
	<u>\$2,596,655.00</u>	<u>\$2,455,155.00</u>	<u>\$2,596,655.00</u>	<u>\$2,455,155.00</u>

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>\$150,000.00</u>	<u>\$150,000.00</u>
Water/Sewer Utility Fund	<u>\$273,342.00</u>	<u>\$180,000.00</u>

NOTE 8: LOCAL AND REGIONAL DISTRICT 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 Sussex has elected not to defer school taxes.

BOROUGH OF SUSSEX, N.J.

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

NOTE 9: 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.

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 9: PENSION PLAN (CONTINUED)

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.

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.

BOROUGH OF SUSSEX, N.J.

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

NOTE 9: PENSION PLAN (CONTINUED)

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	\$36,054.00	-0-
2020	37,930.00	-0-
2019	39,936.00	-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.

The following pension information is as of June 30, 2020 which is the latest information available. This information is eighteen months prior to December 31, 2021. GASB Statement No. 68 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 Community Affairs, State of New Jersey, is permitting the regulatory basis statements of Municipal, County and Library's to be issued with unmodified opinion's until such time current pension information is available.

BOROUGH OF SUSSEX, N.J.

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

NOTE 9: PENSION PLAN (CONTINUED)

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

Public Employees Retirement System (PERS)

At December 31, 2021, the Borough had a liability of \$469,827.00 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, 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 0.0039659599 percent, which was an increase/(decrease) of (0.0006701955) percent from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Borough recognized pension expense of \$36,054.00. 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	\$7,410	\$3,363
Changes of assumptions	2,447	167,262
Net difference between projected and actual earnings on pension plan investments	-0-	123,765
Changes in proportion and differences between the Borough's contributions and proportionate share of contributions	<u>155,455</u>	<u>80,113</u>
Total	<u>\$165,312</u>	<u>\$374,503</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:

BOROUGH OF SUSSEX, N.J.

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

NOTE 9: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

Year ended June 30:	
2022	(\$110,859)
2023	(79,153)
2024	(53,969)
2025	(40,568)
2026	16

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	0.0039659599%	0.0032957644%

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.

BOROUGH OF SUSSEX, N.J.

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

NOTE 9: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (continued)

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%

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, 2021) 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 SUSSEX, N.J.

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

NOTE 9: PENSION PLAN (CONTINUED)

Public Employees Retirement System (PERS), (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 Estate	3.00%	9.15%
Real Assets	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 SUSSEX, N.J.

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

NOTE 9: 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 <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$646,630	\$469,827	\$329,044

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 10: 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, \$439,876.62 of the Borough's bank balance of \$3,773,653.17 was exposed to custodial credit risk. In comparison, as of December 31, 2020, \$375,861.89 of the Borough's bank balance of \$3,466,911.37 was exposed to custodial credit risk.

BOROUGH OF SUSSEX, N.J.

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

NOTE 10: 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.

Unaudited Investments

As more fully described in NOTE 15, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37, the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2021 and 2020 amounted to \$439,876.62 and \$375,861.89 respectively.

The following investments represent 5% or more of the total invested with Lincoln Financial Group on December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
LVIP SSgA S&P 500 Index Fund	\$301,148.58	\$244,059.93
Fixed	135,735.18	129,189.06
Investments under 5%	<u>2,992.86</u>	<u>2,612.90</u>
Total	<u>\$439,876.62</u>	<u>\$375,861.89</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 11: HEALTH INSPECTIONS

The Borough of Sussex 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 12: 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 2020 calendar year, the Borough did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

NOTE 13: DUE TO/FROM OTHER FUNDS

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

\$106,784.36	Due to Current Fund from Federal and State Grant Fund for receipts and disbursements in the Current Fund.
2,596.45	Due to Current Fund from Animal Control Trust Fund for Statutory Excess in the Animal Control Fund.
393,786.37	Due to General Capital Fund from Current Fund for receipts and disbursements in the General Capital Fund.
74,272.54	Due to Water/Sewer Operating Fund from Water/Sewer Capital Fund for various receipts and disbursements.
44,783.04	Due to Federal and State Grant Fund from General Capital for various receipts and disbursements in General Capital Fund.
103,883.00	Due to Water/Sewer Capital from Current Fund for receipts and disbursements in Current Fund.
6,180.73	Due to Water/Sewer Operating from Payroll Trust Fund for receipts and disbursements in Water/Sewer Operating
121,054.70	Due from Water/Sewer Capital Fund to Federal and State Grant Fund for prior year balance not liquidated.
<u>911.74</u>	Due to Current Fund from Other Trust Fund for receipts and disbursements in Other Trust Funds.
<u>\$854,252.93</u>	

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

BOROUGH OF SUSSEX, N.J.

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

NOTE 14: PUBLIC ASSISTANCE

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

NOTE 15: 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:

	Balance <u>Dec 31, 2021</u>	Balance <u>Dec 31, 2020</u>
Prepaid Taxes	<u>\$30,454.64</u>	<u>\$30,721.58</u>
Cash Liability for Taxes Collected in Advance	<u>\$30,454.64</u>	<u>\$30,721.58</u>

**NOTE 16: EMERGENCY SERVICES VOLUNTEER LENGTH OF SERVICE AWARD PLAN
(LOSAP)**

On February 4, 2004, the Division of Local Government Services approved the Borough's LOSAP plan, provided by Lincoln Financial Group. The purpose of this plan is to enhance the Borough's ability to retain and recruit volunteer firefighters and volunteer members of emergency service squads.

Lincoln Financial Group will provide for the benefit of participants, a multi-fund variable annuity contract as its funding vehicle. The plans contribution requirements are as follows: the contribution for each participating active volunteer member shall be between the minimum contribution of \$115.00 and the maximum contribution of \$1,150.00. The Borough's contribution shall be included in the current year's budget.

All amounts awarded under a length of service award plan shall remain the asset of the sponsoring agency; the obligation of the sponsoring agency to participating volunteers shall be contractual only; and no preferred or special interest in the awards made shall accrue to such participants. Such money shall be subject to the claims of the sponsoring agency's general creditors until distributed to any or all participants.

We have reviewed the plan for the year ended December 31, 2021 in accordance with the American Institute of Certified Public Accountants (AICPA) Statement on Standards for Accounting and Review Services.

BOROUGH OF SUSSEX, N.J.

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

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB)

In addition to the pension described in Note 8, 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>.

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.

BOROUGH OF SUSSEX, N.J.

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

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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.

At December 31, 2021, the Borough had a liability of \$1,722,336.00 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 a in the plan. At June 30, 2020 the Borough's proportion was 0.009597 percent.

For the year ended December 31, 2021, the Borough recognized OPEB expense of \$12,138.92. At December 31, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$45,365.00	\$320,731.00
Changes of assumptions	257,607.00	383,021.00
Net difference between projected and actual earnings on OPEB plan investments	1,094.00	-
Changes in proportion	<u>19,618.00</u>	<u>-</u>
Total	<u>\$323,684.00</u>	<u>\$703,752.00</u>

BOROUGH OF SUSSEX, N.J.

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

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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	(\$92,584)
2022	(92,668)
2023	(92,804)
2024	(92,928)
2025	(63,365)
Thereafter	34,663

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%

BOROUGH OF SUSSEX, N.J.

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

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actual Assumptions and Other Inputs (continued)

Mortality:

PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020.
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* 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.

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 eight 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 7.5% and decreases to a 4.5% long-term trend rate after eight 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.

BOROUGH OF SUSSEX, N.J.

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

NOTE 17: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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:

	<u>June 30, 2019</u>		
	<u>1%</u> <u>Decrease</u> <u>1.21%</u>	<u>At Current</u> <u>Discount Rate</u> <u>2.21%</u>	<u>1%</u> <u>Increase</u> <u>3.21%</u>
Borough's proportionate share of Net OPEB liability	\$2,036,166	\$1,722,336	\$1,473,912

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:

	<u>June 30, 2019</u>		
	<u>1%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1%</u> <u>Increase</u>
Borough's proportionate share of Net OPEB liability	\$1,425,235	\$1,722,336	\$2,111,395

NOTE 18: COMMITMENTS AND CONTINGENT LIABILITIES

The Borough Counsel has advised us there is a matter in which the potential claim was reported to the Borough's insurance representative.

BOROUGH OF SUSSEX, N.J.

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

NOTE 19: 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 overall effects of the COVID-19 pandemic are unknown. 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 Sussex. The Borough has identified several risks as a result of this pandemic, including a possible delay in collection of real estate taxes, water utility rents and cash flow shortages as the result of these delayed collection. During 2020, the Borough received 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.

NOTE 19: SUBSEQUENT EVENT

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 Sussex is \$207,767.08 which will be available for use until December 31, 2024. This amount will be distributed to the Borough in two installments. The first installment within 120 days of the State receiving the funding from the Federal government and the second installment one year after the receipt of the first installment.

The Borough has evaluated subsequent events through August 9, 2022, the date which the financial statements were available to be issued and no other items were noted for disclosure.

SUPPLEMENTARY DATA

BOROUGH OF SUSSEX, 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>
Edward Meyer	Mayor
Jake Little	Councilperson
Frank Dykstra	Councilperson
Kevin Marks	Councilperson
Charles Fronheiser	Councilperson
Robert Holowach	Councilperson
Mario Poggi	Councilperson
Antoinette Smith	Clerk; Administrator; Registrar
Melissa Morales	Deputy Clerk; Deputy Treasurer; Deputy Registrar; Payroll Clerk
Michel Marceau	CFO
Christine Nostray	Water/Sewer Collector
Melissa Caton	Tax Collector - Interlocal Agreement Wantage Township
Kristy Lockburner	Tax Assessor - Interlocal Agreement Wantage Township
Frank McGovern	Municipal Attorney
Rich Klein	Planning/Zoning Board Chairman
Harold Pellow	Municipal Engineer
Houser Engineering	Water/Sewer Engineer
Joe Butto	Construction Official - Interlocal Agreement Hardyston Township
Harrison Thompson	Fire Chief

The Borough has a blanket surety bond coverage for all employees in the amount of \$1,000,000 through the Statewide Insurance Fund.

All the Bonds were examined and were properly executed.

Borough of Sussex
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2021

Federal Department	Federal Program	Federal C.F.D.A. Number	Account Number	Program or Award Amount	Grant Period From/To	12/31/2020		Receipts	Expended	12/31/2021		MEMO Cumulative Total Expenditures
						(Receivable)	Reserve Balance			(Receivable)	Reserve Balance	
<u>Water/Sewer Capital Fund</u>												
U.S. Department of Housing & Urban Development:	<u>Water and Sewer Capital Fund</u>											
	Community Development Block Grant - Small Cities Program:											
	Willow & Ley Improvements	14.228	100-022-8020-078	400,000.00	1/1/20-12/31/20	(269,597.00)	400,000.00	269,597.00	400,000.00	-	-	400,000.00
	Willow & Ley Improvements	14.228	100-022-8020-078	212,511.00	1/1/21-12/31/21	-	-	212,511.00	129,203.70	-	83,307.30	129,203.70
	Total General Capital Fund:					<u>(269,597.00)</u>	<u>400,000.00</u>	<u>482,108.00</u>	<u>529,203.70</u>	<u>-</u>	<u>83,307.30</u>	<u>529,203.70</u>
<u>Federal and State Grant Fund:</u>												
U.S. Department of Housing & Urban Development:	<u>Federal and State Grant Fund</u>											
	Community Development Block Grant - Small Cities Program:											
	Loomis Ave Bridge Waterline	14.228	2019-100-022-8020-078	400,000.00	1/1/18-12/31/19	(220,000.00)	89,091.81	124,750.00	16,967.67	(95,250.00)	72,124.14	327,875.86
	TOTAL FEDERAL AID:					<u>(489,597.00)</u>	<u>489,091.81</u>	<u>606,858.00</u>	<u>546,171.37</u>	<u>(95,250.00)</u>	<u>155,431.44</u>	<u>857,079.56</u>

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

Borough of Sussex
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2021

Name of State Agency or Department	Name of Program	Grant or State Project Number	Program or Award Amount	Grant Period From/To	12/31/2020		Receipts	Expended	Canceled	12/31/2021		MEMO Cumulative Total Expenditures
					(Receivable)	Reserve Balance				(Receivable)	Reserve Balance	
Federal and State Grant Fund:												
NJ Department of Environmental Protection	Clean Communities Grant	765-042-4900-004	4,535.36	1/1/20-12/31/20	-	1,027.43	-	293.61	-	-	733.82	3,801.54
	Clean Communities Grant	765-042-4900-004	4,827.70	1/1/21-12/31/21	-	-	3,725.90	-	-	(1,101.80)	4,827.70	-
					-	1,027.43	3,725.90	293.61	-	(1,101.80)	5,561.52	8,629.24
	Recycling Tonnage Grant	100-042-4910-224	8,796.94	1/1/13-12/31/13	-	2,525.80	-	2,525.80	-	-	-	8,796.94
	Recycling Tonnage Grant	100-042-4910-224	10,295.78	1/1/14-12/31/14	-	10,295.78	-	305.30	-	-	9,990.48	305.30
	Recycling Tonnage Grant	100-042-4910-224	4,540.94	1/1/16-12/31/16	-	4,540.94	-	-	-	-	4,540.94	-
	Recycling Tonnage Grant	100-042-4910-224	8,576.08	1/1/17-12/31/17	-	8,576.08	-	-	-	-	8,576.08	-
	Recycling Tonnage Grant	100-042-4910-224	12,665.31	1/1/18-12/31/18	-	12,665.31	-	-	-	-	12,665.31	-
	Recycling Tonnage Grant	100-042-4910-224	15,558.45	1/1/19-12/31/19	-	15,558.45	-	-	-	-	15,558.45	-
	Recycling Tonnage Grant	100-042-4910-224	13,146.80	1/1/20-12/31/20	-	-	13,146.80	-	-	-	13,146.80	-
					-	54,162.36	13,146.80	2,831.10	-	-	64,478.06	9,102.24
	Green Communities Grant- Shade Tree	100-042-4870-074	3,000.00	1/1/10 - 12/31/10	-	1,078.00	-	-	-	-	1,078.00	1,922.00
	Total NJ Department of Environmental Protection				-	56,267.79	16,872.70	3,124.71	-	(1,101.80)	71,117.58	19,653.48
NJ Department of Transportation	Municipal Aid - Walnut & Valley	480-078-6320-AM2	165,000.00	1/1/18-12/31/18	-	625.90	44,783.04	625.90	-	-	44,783.04	120,216.96
	Municipal Aid - Unionville, Elizabeth & Lakeshore		147,000.00	1/1/19-12/31/19	(1,967.69)	21,011.65	-	1,022.85	-	(1,967.69)	19,988.80	127,011.20
	Municipal Aid - Main Street		175,000.00	1/1/20-12/31/20	(175,000.00)	124,359.31	-	-	-	(175,000.00)	124,359.31	50,640.69
	Total NJ Department of Transportation				(176,967.69)	145,996.86	44,783.04	1,648.75	-	(176,967.69)	189,131.15	297,868.85
Total Federal and State Grant Fund					(176,967.69)	202,264.65	61,655.74	4,773.46	-	(178,069.49)	260,248.73	317,522.33
General Capital Fund												
NJ Department of Transportation	Municipal Aid - Linden St	480-078-6320-AMQ	60,000.00	1/1/17-12/31/17	(19,402.38)	5,174.47	-	-	-	(19,402.38)	5,174.47	54,825.53
Total General Capital Fund					(19,402.38)	5,174.47	-	-	-	(19,402.38)	5,174.47	54,825.53
Water/Sewer Capital Fund:												
NJ Environmental Infrastructure Trust and Loan Program	Rehabilitation of Manholes	1921001-003	1,110,400.00	2/17/10 - 12/31/13	(299,252.00)	344,612.93	-	-	(344,612.93)	-	-	765,787.07
NJ Department of Transportation	Highway Planning and Construction	480-078-6300-GIR	85,765.11	1/1/15-12/31/15	(304.16)	-	-	-	-	(304.16)	-	85,765.11
Total Water/Sewer Capital Fund					(299,556.16)	344,612.93	-	-	(344,612.93)	(304.16)	-	851,552.18
TOTAL STATE AID					(495,926.23)	552,052.05	61,655.74	4,773.46	(344,612.93)	(197,776.03)	265,423.20	1,223,900.04

Note: This schedule was not subject to an audit in accordance with N.J. 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	150,000.00	3.11%	145,000.00	2.97%
Miscellaneous - From Other Than				
Local Property Tax Levies	270,395.03	5.61%	439,979.00	9.02%
Collection of Delinquent Taxes				
and Tax Title Liens	161,666.82	3.35%	135,150.61	2.77%
Collection of Current				
Tax Levy	4,028,598.62	83.58%	3,874,469.55	79.45%
Other Credits to Income	209,463.69	4.35%	281,785.86	5.78%
	<u>4,820,124.16</u>	<u>100.00%</u>	<u>4,876,385.02</u>	<u>100.00%</u>
<u>Total Revenue and Other Income Realized</u>				
<u>Expenditures</u>				
Budget Expenditures:				
Municipal Purposes	1,392,644.50	30.43%	1,564,747.86	33.19%
Regional School Taxes	783,784.21	17.13%	2,273,738.00	48.23%
County Taxes	2,392,029.00	52.26%	769,895.49	16.32%
Other Expenditures	8,320.22	0.18%	106,383.88	2.26%
	<u>4,576,777.93</u>	<u>100.00%</u>	<u>4,714,765.23</u>	<u>100.00%</u>
<u>Total Expenditures</u>				
Excess (Deficit) in Revenue	243,346.23		161,619.79	
Fund Balance, January 1,	526,164.92		509,545.13	
	<u>769,511.15</u>		<u>671,164.92</u>	
Less:				
Utilized as Anticipated Revenue	150,000.00		145,000.00	
Fund Balance, December 31,	<u>619,511.15</u>		<u>526,164.92</u>	

COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE

WATER/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	180,000.00	6.50%	168,182.00	6.37%
Collection of Water/Sewer Rents	2,387,454.50	86.17%	2,207,364.01	83.59%
Miscellaneous - From Other				
Than Water / Sewer Rents	12,737.00	0.46%	96,775.73	3.66%
Other Credits to Income	<u>190,306.00</u>	<u>6.87%</u>	<u>168,346.68</u>	<u>6.38%</u>
<u>Total Revenue and Other Income Realized</u>	<u>2,770,497.50</u>	<u>100.00%</u>	<u>2,640,668.42</u>	<u>100.00%</u>
 <u>Expenditures</u>				
Budget Expenditures:				
Operating	1,748,927.00	72.58%	1,913,325.00	74.37%
Debt Service	604,202.74	25.07%	623,572.00	24.24%
Deferred Charges and				
Statutory Expenditures	<u>56,605.00</u>	<u>2.35%</u>	<u>35,660.00</u>	<u>1.39%</u>
<u>Total Expenditures</u>	<u>2,409,734.74</u>	<u>100.00%</u>	<u>2,572,557.00</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	360,762.76		68,111.42	
Adjustments to Income Before Fund Balance:				
Expenditures Included Above Which are by				
Statute Deferred Charges to Budget of				
Succeeding Year	<u>21,000.00</u>		<u>-</u>	
	381,762.76		68,111.42	
Fund Balance, January 1,	<u>352,435.26</u>		<u>452,505.84</u>	
	734,198.02		520,617.26	
Less:				
Utilized as Anticipated Revenue	<u>180,000.00</u>		<u>168,182.00</u>	
Fund Balance, December 31,	<u>554,198.02</u>		<u>352,435.26</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate:</u>	<u>2.911</u>	<u>3.258</u>	<u>3.222</u>
<u>Apportionment of Tax Rate:</u>			
Municipal	.824	.800	.796
County	.631	.623	.599
Regional High School	.632	.584	.546
District School	.824	1.251	1.281

Assessed Valuation:

2021	\$124,133,500.00		
2020		\$123,871,400.00	
2019			\$123,997,400.00

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>Currently</u>	
		<u>Collections</u>	<u>Percentage of Collection</u>
2021	\$4,213,667.78	\$4,028,598.62	95.61%
2020	4,037,509.83	3,874,469.55	95.96%
2019	3,998,339.62	3,838,411.67	96.00%

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>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2021	\$103,136.91	\$162,232.24	\$265,369.15	6.30%
2020	113,924.11	127,233.35	241,157.46	5.97%
2019	80,056.11	133,192.35	213,248.46	5.33%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of properties acquired by liquidation of the 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	\$217,700.00
2020	217,700.00
2019	266,300.00

COMPARISON OF WATER/SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2021	\$2,467,220.99	\$2,387,454.50
2020	2,368,629.15	2,207,364.01
2019	2,397,423.22	2,323,431.83

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>Year</u>	<u>Balance Dec. 31,</u>	<u>Utilized In Budget of Succeeding Year</u>
Current Fund:	2021	\$619,511.15	\$150,000.00
	2020	526,164.92	150,000.00
	2019	509,545.13	145,000.00
	2018	466,356.16	145,000.00
	2017	473,220.83	145,000.00
	2016	411,715.55	145,000.00
Water/Sewer Utility			
Operating Fund:	2021	\$554,198.02	\$273,342.00
	2020	352,435.26	180,000.00
	2019	452,505.84	168,182.00
	2018	568,060.98	116,000.00
	2017	461,284.31	115,700.00
	2016	314,773.80	115,678.21

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

	<u>Ref.</u>			<u>Total</u>
Balance - December 31, 2020	A			1,231,537.20
Increased by Receipts:				
Miscellaneous Revenue Not Anticipated	A-2	39,788.94		
Taxes Receivable	A-7	4,115,455.49		
Tax Title Liens Receivable	A-8	35,588.37		
Revenue Accounts Receivable	A-10	289,113.34		
Interfunds	A-11	120,755.70		
Various Cash Liabilities and Reserves	A-14	5,135.90		
Due To State - Senior Citizen and Veteran Deductions	A-15	8,000.00		
Prepaid Taxes	A-17	30,454.64		
		4,644,292.38		5,875,829.58
Decreased by Disbursements:				
Current Year Budget Appropriations	A-3	1,081,950.60		
Interfunds	A-11	23,599.39		
Appropriation Reserves	A-13	158,758.26		
Various Cash Liabilities and Reserves	A-14	12,057.40		
Due to State - Municipal Court	A-16	265.00		
County Taxes Payable	A-19	781,489.19		
Regional School District Taxes Payable	A-20	1,607,123.52		
Regional High School Taxes Payable	A-21	779,550.50		
		4,444,793.86		1,431,035.72
Balance - December 31, 2021	A			1,431,035.72

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

	<u>Ref.</u>	
Balance - December 31, 2020	A	<u>100.00</u>
Balance - December 31, 2021	A	<u>100.00</u>
<u>Analysis of Balance:</u>		
Tax Collector		<u>100.00</u>

Schedule of Escrow Deposit - Purchase of 3 E. Main St.
Current Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	<u>1,000.00</u>
Balance - December 31, 2021	A	<u>1,000.00</u>

Borough of Sussex, 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	Cancelled	Transferred to Tax Title Liens	Balance, Dec. 31, 2021
			2020	2021	2020	2021				
2019	34.32	-	-	-	-	-	-	-	-	34.32
2020	127,199.03	-	-	126,078.45	-	-	-	2.79	1,081.55	36.24
	127,233.35	-	-	126,078.45	-	-	-	2.79	1,081.55	70.56
2021	-	4,199,619.40	14,049.38	3,989,377.04	8,500.00	52.58	22,855.90	162,161.68		
	127,233.35	4,199,619.40	14,049.38	4,115,455.49	8,500.00	55.37	23,937.45	162,232.24		
	A		A-2;A-17	A-2;A-4	A-2;A-15		A-8	A		

Tax yield:
Analysis of Tax Levy

General Purpose Tax
 Added Tax (R.S. 54:4-63.1 et seq.)

4,199,619.40
 14,049.38
4,213,668.78

Tax Levy:

County Tax
 Regional School Tax
 Regional High School Tax
 Local Tax for Municipal Purposes
 Additional Taxes

A-19
 A-20
 A-21
 A-2

783,784.21
 1,607,123.00
 784,906.00
 3,175,813.21

1,024,079.00
13,776.57

1,037,855.57
4,213,668.78

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

Current Fund

Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> A		113,924.11
Increased by:			
Transferred from 2021 Taxes Receivable	A-7	22,855.90	
Transferred from 2020 Taxes Receivable	A-7	1,081.55	
Added Tax Title Liens		720.59	
Interest and Costs		143.13	
		<u>24,801.17</u>	<u>138,725.28</u>
Decreased by:			
Collections	A-2;A-4		<u>35,588.37</u>
Balance - December 31, 2021	A		<u><u>103,136.91</u></u>

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**Schedule of Property Acquired for
Taxes Assessed Valuation**

Current Fund

Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> A	<u>217,700.00</u>
Balance - December 31, 2021	A	<u><u>217,700.00</u></u>

Borough of Sussex, N.J.

Schedule of Revenue Accounts Receivable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Accrued</u>	<u>Collected</u>
Clerk:			
Licenses:			
Alcoholic Beverages	A-2	4,385.00	4,385.00
Fees and Permits	A-2	17,237.50	17,237.50
Tax Collector			
Miscellaneous Revenue not Anticipated	A-2	30,809.87	30,809.87
Municipal Court Fines and Costs	A-2	7,782.02	7,782.02
Parking Meters	A-2	5,333.01	5,333.01
Energy Receipts Tax	A-2	185,056.00	185,056.00
Housing Inspection Fees	A-2	30,210.00	30,210.00
Consolidated Municipal Property Tax			
Relief Aid	A-2	2,417.00	2,417.00
Interest on Investments and Deposits			
Miscellaneous Revenue not Anticipated	A-2	7,075.94	7,075.94
		<u>290,306.34</u>	<u>290,306.34</u>
Cash Receipts	A-4		289,113.34
Interfunds	A-11		1,193.00
			<u>290,306.34</u>

Borough of Sussex, N.J.

Schedule of Interfunds Receivables/(Payables)

Current Fund

Year Ended December 31, 2021

Fund	Ref.	Due From/(To) Balance			Due From/(To) Balance Dec. 31, 2021
		Dec. 31, 2020	Increased	Decreased	
Federal and State Grants	A	100,994.31	22,662.75	16,872.70	106,784.36
Animal Control Trust Fund	A	978.02	1,618.43	-	2,596.45
Other Trust	A	-	911.74	-	911.74
General Capital Fund	A	(394,979.37)	-	1,193.00	(393,786.37)
Water/Sewer Capital Fund	A	-	-	103,883.00	(103,883.00)
		<u>(293,007.04)</u>	<u>25,192.92</u>	<u>121,948.70</u>	<u>(387,376.82)</u>
<u>Analysis</u>					
Due From Other Funds	A-1	101,972.33			110,292.55
Due To Other Funds		<u>(394,979.37)</u>			<u>(497,669.37)</u>
		<u>(293,007.04)</u>			<u>(387,376.82)</u>
Statutory Excess	A-1		1,593.53	-	
Received	A-4		-	120,755.70	
Disbursed	A-4		23,599.39	-	
Revenue Accounts Rec.	A-10		-	1,193.00	
			<u>25,192.92</u>	<u>121,948.70</u>	

Borough of Sussex, N.J.

Schedule of Deferred Charges

N.J.S.A. 40A:4-53 Special Emergency

Current Fund

For Year Ended December 31, 2021

	<u>Net Amount Authorized</u>	1/5 of <u>Net Amount Authorized</u>	<u>Balance, Dec. 31, 2020</u>	<u>Balance, Dec. 31, 2021</u>
COVID-19 Special Emergency	36,000.00	7,200.00	<u>36,000.00</u> A	<u>36,000.00</u> A

Borough of Sussex, N.J.

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Schedule of Appropriation Reserves

Page 1 of 2

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 Within "CAPS":				
Administrative and Executive	1,419.08	1,419.08	-	1,419.08
Municipal Clerk	1,703.62	1,703.62	-	1,703.62
Planning Board	301.72	301.72	-	301.72
Zoning Official	8,329.50	8,329.50	-	8,329.50
Crossing Guards	355.91	355.91	-	355.91
Road Repairs and Maintenance	9,161.35	9,161.35	9,000.00	161.35
Snow Removal	10,637.73	10,637.73	10,000.00	637.73
Public Buildings and Grounds	18,791.00	18,791.00	18,500.00	291.00
Total Salaries and Wages Within "CAPS"	<u>50,699.91</u>	<u>50,699.91</u>	<u>37,500.00</u>	<u>13,199.91</u>
Other Expenses Within "CAPS":				
Administrative and Executive:	13,872.55	13,872.55	5,689.88	8,182.67
Municipal Clerk	183.78	183.78	-	183.78
Financial Administration	15,894.56	15,894.56	3,829.50	12,065.06
Collection of Taxes	15.50	15.50	5.40	10.10
Tax Map	2,000.00	2,000.00	-	2,000.00
Legal Services and Costs	14,947.46	14,947.46	5,236.45	9,711.01
Engineering Services and Costs	25,640.56	25,640.56	1,488.39	24,152.17
Planning Board	13,892.85	13,892.85	5,075.62	8,817.23
Property Maintenance Board	352.23	352.23	-	352.23
Zoning Official	298.00	298.00	-	298.00
Economic Development Committee	500.00	500.00	359.00	141.00
Insurance:				
Group Insurance Plan For Employees	36,086.71	36,086.71	29,401.90	6,684.81
Workers' Compensation	1.00	1.00	-	1.00
Other Insurance Premiums	1.00	1.00	-	1.00
Police	19,790.00	19,790.00	2,110.60	17,679.40
Crossing Guards	250.00	250.00	-	250.00
Road Repair and Maintenance	9,760.36	9,760.36	8,911.24	849.12
Snow Removal	22,699.72	22,699.72	22,377.31	322.41
Street Lighting	1,330.69	1,330.69	153.08	1,177.61
Garbage and Trash Removal	457.22	457.22	448.98	8.24
Public Buildings and Grounds	13,510.77	13,510.77	12,853.73	657.04
Board of Health	75.00	75.00	-	75.00
Registrar	156.00	156.00	-	156.00
Board of Recreation	672.35	672.35	-	672.35
Celebration of Public Events	500.00	500.00	-	500.00
Unclassified:				
Reserve for Pending Tax Appeals	1.00	1.00	-	1.00
Gasoline & Diesel Fuel	7,187.97	7,187.97	230.38	6,957.59
Total Other Expenses Within "CAPS"	<u>200,077.28</u>	<u>200,077.28</u>	<u>98,171.46</u>	<u>101,905.82</u>

Borough of Sussex, N.J.

Schedule of Appropriation Reserves

Current Fund

Year Ended December 31, 2021

	Balance, Dec. 31, <u>2020</u>	Balance after <u>Transfers</u>	<u>Paid or Charged</u>	<u>Balance Lapsed</u>
Deferred Charges and Statutory Expenditures-Municipal Within "CAPS":				
Statutory Expenditures:				
Contribution To:				
Social Security (O.A.S.I.)	4,592.14	4,592.14	-	4,592.14
Unemployment Compensation Insurance	708.82	708.82	-	708.82
Defined Contribution Retirement Program	500.00	500.00	-	500.00
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>5,800.96</u>	<u>5,800.96</u>	<u>-</u>	<u>5,800.96</u>
Total General Appropriation Reserves - Municipal Within "CAPS"	<u>256,578.15</u>	<u>256,578.15</u>	<u>135,671.46</u>	<u>120,906.69</u>
Other Expenses Excluded From "CAPS":				
Length of Service Awards Program (L.O.S.A.P.)	18,000.00	18,000.00	12,383.88	5,616.12
Declared State of Emergency Costs for Coronavirus Response				
Salaries and Wages	1.00	1.00	-	1.00
Other Expenses	256.73	256.73	156.13	100.60
Interlocal Municipal Service Agreements:				
Township of Wantage:				
Tax Collector	1.00	1.00	-	1.00
Municipal Court	1.00	1.00	-	1.00
Township of Hardyston:				
Construction Agreement	5,000.00	5,000.00	1,431.00	3,569.00
Borough of Ogdensburg				
Finance Office	5,267.94	5,267.94	5,267.94	-
Total Other Expenses Excluded from "CAPS"	<u>28,527.67</u>	<u>28,527.67</u>	<u>19,238.95</u>	<u>9,288.72</u>
Capital Improvements				
Purchase of Equipment	370.00	370.00	370.00	-
Purchase of Fire Equipment	3,477.85	3,477.85	3,477.85	-
Total Capital Improvements Excluded from "CAPS"	<u>3,847.85</u>	<u>3,847.85</u>	<u>3,847.85</u>	<u>-</u>
Total General Appropriation Reserves - Municipal Excluded from "CAPS"	<u>32,375.52</u>	<u>32,375.52</u>	<u>23,086.80</u>	<u>9,288.72</u>
Total General Appropriation Reserves	<u>288,953.67</u>	<u>288,953.67</u>	<u>158,758.26</u>	<u>130,195.41</u>

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A-1

Analysis of Appropriation Reserve Ref.

Unencumbered	A	274,856.34
Encumbered	A	14,097.33
		<u>288,953.67</u>

Borough of Sussex, N.J.

Schedule of Various Cash Liabilities and Reserves

Current Fund

Year Ended December 31, 2021

	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
<u>Liabilities:</u>				
Due State of NJ Marriage License Fees	75.00	325.00	250.00	150.00
Tax Overpayments	13,227.27	4,810.90	13,178.58	4,859.59
<u>Reserves for:</u>				
Revaluation	7,662.12	-	-	7,662.12
	<u>20,964.39</u>	<u>5,135.90</u>	<u>13,428.58</u>	<u>12,671.71</u>
	A			A
<u>Received</u>	Ref.			
	A-4	5,135.90	-	
<u>Disbursed</u>	A-4	-	12,057.40	
	A-18	-	1,371.18	
<u>Encumbrances Payable</u>		<u>5,135.90</u>	<u>13,428.58</u>	

Borough of Sussex, 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		1,824.97
Increased by:			
State Share of Senior Citizens and Veterans Received from State	A-4		8,000.00
			<u>9,824.97</u>
Decreased by:			
Senior Citizens' Deductions Per Tax Billing		2,000.00	
Veterans' Deductions Per Tax Billing		<u>6,000.00</u>	
		8,000.00	
Add: Senior Citizens/Veterans Deductions Allowed by Tax Collector: 2021 Taxes		<u>500.00</u>	
	A-7		<u>8,500.00</u>
Balance - December 31, 2021	A		<u><u>1,324.97</u></u>

Borough of Sussex, N.J.

Schedule of Accounts Payable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	4,637.02
Decreased by:		
Disbursed	A-4	<u>265.00</u>
Balance - December 31, 2021	A	<u><u>4,372.02</u></u>

Schedule of Prepaid Taxes

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	30,721.58
Increased by:		
Receipts - Prepaid 2022 Taxes	A-4	<u>30,454.64</u>
		61,176.22
Decreased by:		
Applied to 2021 Taxes	A-7	<u>30,721.58</u>
Balance - December 31, 2021	A	<u><u>30,454.64</u></u>

Borough of Sussex, N.J.

Schedule of Encumbrances Payable - Various Reserves

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Increased by:		
Various Reserves	A-14	<u><u>1,371.18</u></u>
Balance - December 31, 2021	A	<u><u>1,371.18</u></u>

Borough of Sussex, N.J.

Schedule of County Taxes Payable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	340.34
Increased by:		
Levy - 2021		781,148.85
Added and Omitted Taxes		<u>2,635.36</u>
	A-1;A-7	<u>783,784.21</u>
		784,124.55
Decreased by:		
Payments	A-4	<u>781,489.19</u>
Balance - December 31, 2021	A	<u><u>2,635.36</u></u>

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Schedule of Regional School Taxes Payable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	50.44
Increased by:		
Levy- 2021	A-1;A-7	<u>1,607,123.00</u>
		1,607,173.44
Decreased by:		
Payments	A-4	<u>1,607,123.52</u>
Balance - December 31, 2021	A	<u><u>49.92</u></u>

Borough of Sussex, N.J.

Schedule of Regional High School Taxes (Prepaid)/Payable

Current Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	0.50
Increased by:		
Levy- 2021	A-1;A-7	784,906.00
		<u>784,906.50</u>
Decreased by:		
Payments	A-4	779,550.50
		<u>779,550.50</u>
Balance - December 31, 2021	A	<u><u>5,356.00</u></u>

Borough of Sussex, N.J.

Schedule of Due From / (To) Current Fund

Federal and State Grant Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	A		(100,994.31)
Increased by:			
Federal and State Grant Fund Receipts	A-26		16,872.70
			<u>(84,121.61)</u>
Decreased by:			
Encumbrances Payable	A-23	921.62	
Federal and State Grant Fund Expenditures	A-27	<u>21,741.13</u>	
			<u>22,662.75</u>
Balance - December 31, 2021	A		<u><u>(106,784.36)</u></u>

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Schedule of Encumbrances Payable

Federal and State Grant Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	A		<u><u>921.62</u></u>
Decreased by:			
Cash Disbursements	A-22		<u><u>921.62</u></u>

Borough of Sussex, N.J.

Schedule of Due From/(To) Water/Sewer Capital Fund

Federal and State Grant Fund

For Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	A	(3,695.30)
Increased by:		
Federal and State Grant Receivables	A-26	<u>124,750.00</u>
Balance - December 31, 2021	A	<u><u>121,054.70</u></u>

Schedule of Due From/(To) General Capital Fund

Federal and State Grant Fund

For Year Ended December 31, 2021

	<u>Ref.</u>	
Increased by:		
Unappropriated Reserves	A-28	<u>44,783.04</u>
Balance - December 31, 2021	A	<u><u>44,783.04</u></u>

Borough of Sussex, N.J.
Schedule of Grants Receivable
Federal and State Grant Fund
Year Ended December 31, 2021

<u>Grant</u>	<u>Balance Dec. 31, 2020</u>	<u>Budget Revenue</u>	<u>Received</u>	<u>Balance Dec. 31, 2021</u>
NJDOT Municipal Aid:				
Unionville	1,967.69	-	-	1,967.69
Main Street	175,000.00	-	-	175,000.00
Small Cities CDBG - Loomis Ave Bridge	220,000.00	-	124,750.00	95,250.00
Recycling Tonnage Grant	-	13,146.80	13,146.80	-
Clean Communities	-	4,827.70	3,725.90	1,101.80
	<u>396,967.69</u>	<u>17,974.50</u>	<u>141,622.70</u>	<u>273,319.49</u>
	A	A-2		A
		<u>Ref.</u>		
Interfund - Current Fund		A-22	16,872.70	
Interfund - Water/Sewer Capital Fund		A-24	124,750.00	
			<u>141,622.70</u>	

Borough of Sussex, N.J.

Schedule of Appropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2021

<u>Grant</u>	<u>Balance Dec. 31, 2020</u>	<u>Transfer From 2021 Budget</u>	<u>Expended</u>	<u>Balance Dec. 31, 2021</u>
Clean Communities	1,027.43	4,827.70	293.61	5,561.52
NJDOT Municipal Aid				
Walnut and Valley	625.90	-	625.90	-
Unionville, Elizabeth, and Lakeshore	21,011.65	-	1,022.85	19,988.80
Main Street	124,359.31	-	-	124,359.31
Recycling Tonnage Grant	54,162.36	13,146.80	2,831.10	64,478.06
Small Cities CDBG - Loomis Ave Bridge	89,091.81	-	16,967.67	72,124.14
Shade Tree	1,078.00	-	-	1,078.00
	<u>291,356.46</u>	<u>17,974.50</u>	<u>21,741.13</u>	<u>287,589.83</u>
	A	A-3	A-22	A

Borough of Sussex, N.J.

Schedule of Unappropriated Reserves for Grants

Federal and State Grant Fund

Year Ended December 31, 2021

<u>Grant</u>	<u>Received</u>	<u>Balance Dec. 31, 2021</u>
NJDOT Municipal Aid: Walnut and Valley	<u>44,783.04</u>	<u>44,783.04</u>
	A-25	A

Borough of Sussex, 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>	<u>Emergency Services Volunteer Length of Service Award Program</u>
Balance - December 31, 2020	B	5,884.82	156,516.28	375,861.89
Increased by Receipts:				
Dog License Fees - Borough	B-2	1,942.20	-	-
Late Fees/ Miscellaneous	B-2	559.00	-	-
Interfund - Current Fund	B-3	24.90	-	-
Dog License Fees - State Share	B-4	490.80	-	-
Other Trust Funds	B-5	-	762,098.74	-
Interfund - Current Fund	B-7	-	911.74	-
Borough Contributions	B-8	-	-	25,095.00
Increase in Investment Value	B-9	-	-	69,305.30
Total Receipts		<u>3,016.90</u>	<u>763,010.48</u>	<u>94,400.30</u>
		8,901.72	919,526.76	470,262.19
Decreased by Disbursements:				
Reserve for Animal Control				
Trust Expenditures	B-2	1,500.47	-	-
State Share - Dog Licenses	B-4	492.00	-	-
Other Trust Funds	B-5	-	712,109.24	-
Encumbrances Payable:				
Other Trusts	B-6	-	3,040.00	-
Accounting Charge	B-9	-	-	1,835.68
Distributions	B-9	-	-	28,549.89
Total Disbursements		<u>1,992.47</u>	<u>715,149.24</u>	<u>30,385.57</u>
Balance - December 31, 2021	B	<u>6,909.25</u>	<u>204,377.52</u>	<u>439,876.62</u>

Borough of Sussex, N.J.

Reserve for Animal Control Trust Fund Expenditures

Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	B		4,898.40
Increased by:			
Dog License Fees	B-1	1,942.20	
Late Fees/ Miscellaneous	B-1	<u>559.00</u>	
			<u>2,501.20</u>
			7,399.60
Decreased by:			
Expenditures R.S. 4:19-1511	B-1	1,500.47	
Statutory Excess	B-3	<u>1,593.53</u>	
			<u>3,094.00</u>
Balance - December 31, 2021	B		<u><u>4,305.60</u></u>
<u>License Fees Collected</u>			
	<u>Year</u>		
	2019		2,379.00
	2020		<u>1,926.60</u>
			<u><u>4,305.60</u></u>

Borough of Sussex, N.J.

Schedule of Due From / (To) Current Fund

Animal Control Trust Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	(978.02)
Increased by:		
Interest	B-1	24.90
Statutory Excess	B-2	<u>1,593.53</u>
		<u>1,618.43</u>
Balance - December 31, 2021	B	<u><u>(2,596.45)</u></u>

Schedule of Due (From) / To State Department of Health

Animal Control Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	8.40
Increased by:		
State Fees Collected	B-1	<u>490.80</u>
		499.20
Decreased by:		
Paid to State	B-1	<u>492.00</u>
Balance - December 31, 2021	B	<u><u>7.20</u></u>

Borough of Sussex, N.J.

Schedule of Other Trust Funds

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:				
Planning and Zoning Deposits	28,467.87	81,485.00	35,883.95	74,068.92
Recreation	1,901.38	80.00	80.00	1,901.38
Fire Inspection Fees	208.58	-	-	208.58
POAA Funds	380.00	6.00	-	386.00
Storm Recoery	-	62,000.00	-	62,000.00
Payroll Fund	30,874.66	449,759.67	440,657.95	39,976.38
Mural Donation	1,612.94	-	-	1,612.94
Outside Liens	730.85	185,868.07	185,868.07	730.85
Security Deposits	700.00	-	-	700.00
Tax Sale Premiums	66,800.00	4,700.00	57,300.00	14,200.00
	<u>131,676.28</u>	<u>783,898.74</u>	<u>719,789.97</u>	<u>195,785.05</u>
	B			B
	<u>Ref.</u>			
Cash Receipts	B-1	762,098.74	-	
Cash Disbursements	B-1	-	712,109.24	
Encumbrances Payable	B-6	21,800.00	1,500.00	
Interfund - Water/Sewer Operating	B-10	-	6,180.73	
		<u>783,898.74</u>	<u>719,789.97</u>	

Borough of Sussex, N.J.
Schedule of Encumbrances Payable
Other Trust Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	B	24,840.00
Increased by:		
Charges to Reserves	B-5	1,500.00
		26,340.00
Decreased by:		
Disbursement	B-1	3,040.00
Cancel	B-5	21,800.00
		24,840.00
Balance - December 31, 2021	B	1,500.00

Schedule of Due To Current Fund
Other Trust Fund
Year Ended December 31, 2021

	<u>Ref.</u>	
Increased by:		
Cash Receipts	B-1	911.74
		911.74
Balance - December 31, 2021	B	911.74

Borough of Sussex, N.J.

Schedule of Contributions Receivable

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	B		12,711.12
Increased by:			
Borough Contributions	B-9	11,253.57	
Adjustment	B-9	<u>12,383.88</u>	
			<u>23,637.45</u>
			36,348.57
Decreased by:			
Receipts	B-1		<u>25,095.00</u>
Balance - December 31, 2021	B		<u><u>11,253.57</u></u>

Borough of Sussex, N.J.

Schedule of Net Assets Available for Benefits

Emergency Services Volunteer Length of Services Award Program

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	B		388,573.01
Increased by:			
Increase in Investment Value	B-1	69,305.30	
Borough Contributions	B-8	11,253.57	
Receivable Adjustment	B-8	<u>12,383.88</u>	
			<u>92,942.75</u>
			481,515.76
Decreased by:			
Accounting Charge	B-1	1,835.68	
Distributions	B-1	<u>28,549.89</u>	
			<u>30,385.57</u>
Balance - December 31, 2021	B		<u><u>451,130.19</u></u>

B-10

Schedule of Due From / (To) Water/Sewer Operating

Other Trust Funds

Year Ended December 31, 2021

	<u>Ref.</u>	
Decreased by:		
Trust Reserves	B-5	<u>6,180.73</u>
Balance - December 31, 2021	B	<u><u>(6,180.73)</u></u>

Borough of Sussex, N.J.

Schedule of Cash

General Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	C;C-3		339,497.65
Increased by Receipts:			
Schedule of Interfunds	C-4	45,975.94	
Capital Improvement Fund	C-7	<u>63,000.00</u>	
			<u>108,975.94</u>
			448,473.59
Decreased by Disbursements:			
Improvement Authorizations	C-8		<u>138,425.71</u>
Balance - December 31, 2021	C;C-3		<u><u>310,047.88</u></u>

Borough of Sussex, N.J.

Analysis of Cash

General Capital Fund

Year Ended December 31, 2021

	Receipts			Disbursements		Transfers		Balance Dec. 31, 2021
	Balance Dec. 31, 2020	Budget Appropriation	Miscellaneous	Improvement Authorizations	To	(From)		
Capital Improvement Fund	96,000.00	63,000.00	-	-	24,440.61	(55,978.38)		127,462.23
Reserve for Encumbrances	-	-	-	-	25,327.27	-		25,327.27
Interfund - Current Fund	(394,979.37)	1,192.90	-	-	-	-		(393,786.47)
Interfund - Federal & State Grant Fund	-	-	44,783.04	-	-	-		44,783.04
Various Reserves	334,513.68	-	-	-	-	(105,681.62)		228,832.06
Grants Receivable	(19,402.38)	-	-	-	-	-		(19,402.38)
Fund Balance	557.00	-	-	-	-	-		557.00
Improvement Authorizations								
15-03 Purchase of Computers	336.85	-	-	-	-	-		336.85
15-04 Construction of Parking Lot	8,223.33	-	-	-	-	-		8,223.33
15-05 Overlook Drive Improvement	17,397.87	-	-	-	-	(17,397.87)		-
15-16 Purchase of Fire Truck	20,247.75	-	-	-	-	(2,867.00)		17,380.75
16-06 Purchase of DPW Equipment	5,677.28	-	-	-	-	(5,677.28)		-
16-25 Purchase of One East Main Street	1,365.46	-	-	-	-	(1,365.46)		-
17-07 Linden Street Improvements	51,042.47	-	-	-	-	-		51,042.47
17-08 Acquisition of DPW Equipment	3,278.95	-	-	-	-	-		3,278.95
18-01 Various Improvements	169,771.00	-	-	-	-	-		169,771.00
20-05 Engine Re-Build and Replacement to Ambulance	-	-	-	13,680.10	14,500.00	-		819.90
20-08 Acquisition of DPW Equipment	22,467.76	-	-	15,160.00	-	-		7,307.76
20-15 Improvements to Municipal Facilities	23,000.00	-	-	11,358.34	-	-		9,176.39
20-16 Improvements to Municipal Facilities	-	-	-	14,970.00	18,000.00	(2,465.27)		3,030.00
21-07 Improvement to Various Roads	-	-	-	75,000.00	75,000.00	-		-
21-08 Acquisition of Various Fire Department Equipment	-	-	-	-	15,160.00	-		15,160.00
21-11 Improvement to Various Municipal Facilities	-	-	-	8,257.27	15,000.00	-		6,742.73
21-18 Improvement to Various Municipal Facilities	-	-	-	-	24,000.00	(19,995.00)		4,005.00
21-21 Improvement of Main Street	-	-	-	-	-	-		-
	<u>339,497.65</u>	<u>64,192.90</u>	<u>44,783.04</u>	<u>138,425.71</u>	<u>211,427.88</u>	<u>(211,427.88)</u>		<u>310,047.88</u>

Borough of Sussex, N.J.

Schedule of Interfunds

General Capital Fund

Year Ended December 31, 2021

<u>Fund</u>	Due From/(To) Balance <u>Dec. 31, 2020</u>	<u>Decreased</u>	Due From/(To) Balance <u>Dec. 31, 2021</u>
Current Fund	394,979.37	1,192.90	393,786.47
Federal & State Grant Fund	-	44,783.04	(44,783.04)
	<u>394,979.37</u>	<u>45,975.94</u>	<u>349,003.43</u>
	C	C-2	C

Borough of Sussex, N.J.

Schedule of Grants Receivable - N.J. Department of Transportation

General Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	C	<u>19,402.38</u>
Balance - December 31, 2021	C	<u>19,402.38</u>
<hr/> <u>Analysis</u> <hr/>		
Linden Street		<u>19,402.38</u>

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

	<u>Ref.</u>		
Balance - December 31, 2020	C		96,000.00
Increased by:			
Budget Appropriation	C-2	63,000.00	
Improvement Authorizations Cancelled	C-8	<u>24,440.61</u>	
			<u>87,440.61</u>
			183,440.61
Decreased by:			
Improvement Authorizations	C-8		<u>55,978.38</u>
Balance - December 31, 2021	C		<u><u>127,462.23</u></u>

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance Dec. 31, 2020		2021		Paid or Charged	Balance Dec. 31, 2021	
				Funded	Unfunded	Authorizations	Canceled		Funded	Unfunded
<u>General Improvements:</u>										
15-03	Purchase of Computers	5/18/2015	12,500.00	336.85	-	-	-	-	336.85	-
15-04	Construction of Parking Lot	12/15/2015	100,000.00	-	8,223.33	-	-	-	-	8,223.33
15-05	Overlook Drive Improvements	5/5/2015	222,000.00	17,397.87	-	-	17,397.87	-	-	-
15-16	Purchase of Fire Truck	12/1/2015	500,000.00	-	20,247.75	-	-	2,867.00	-	17,380.75
16-06	Purchase of DPW Equipment	4/21/2016	80,000.00	5,677.28	-	-	5,677.28	-	-	-
16-25	Purchase of One East Main Street	12/6/2016	25,000.00	1,365.46	-	-	1,365.46	-	-	-
17-07	Linden Street Improvements	9/5/2017	106,900.00	51,042.47	-	-	-	-	51,042.47	-
17-08	Acquisition of DPW Equipment	9/19/2017	300,000.00	-	3,278.95	-	-	-	-	3,278.95
18-01	Various Improvements	3/20/2018	186,000.00	169,771.00	-	-	-	-	169,771.00	-
20-05	Engine Re-Build and Replacement to Ambulance		14,500.00	-	-	14,500.00	-	13,680.10	819.90	-
20-08	Acquisition of DPW Equipment	7/14/2020	34,000.00	22,467.76	-	-	-	15,160.00	7,307.76	-
20-15	Improvements to Municipal Facilities	11/5/2020	23,000.00	23,000.00	-	-	-	13,823.61	9,176.39	-
20-16	Improvements to Municipal Facilities		18,000.00	-	-	18,000.00	-	14,970.00	3,030.00	-
21-07	Improvement to Various Roads		75,000.00	-	-	75,000.00	-	75,000.00	-	-
21-08	Acquisition of Various Fire Department Equipment		15,160.00	-	-	15,160.00	-	-	15,160.00	-
21-11	Improvement to Various Municipal Facilities		15,000.00	-	-	15,000.00	-	8,257.27	6,742.73	-
21-18	Improvement to Various Municipal Facilities		24,000.00	-	-	24,000.00	-	19,995.00	4,005.00	-
21-21	Improvement of Main Street		731,000.00	-	-	731,000.00	-	-	-	731,000.00
				<u>291,058.69</u>	<u>31,750.03</u>	<u>892,660.00</u>	<u>24,440.61</u>	<u>163,752.98</u>	<u>267,392.10</u>	<u>759,883.03</u>
				C	C		C-7		C	C

	<u>Ref.</u>	
<u>Analysis of 2021 Authorizations</u>		
Deferred Charges to Future Taxation - Unfunded	C-6;C-12	731,000.00
Capital Improvement Fund	C-7	55,978.38
Various Reserves	C-11	105,681.62
		<u>892,660.00</u>

<u>Analysis of Paid or Charged</u>		
Cash Disbursed	C-2	138,425.71
Encumbrances Payable	C-9	25,327.27
		<u>163,752.98</u>

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Borough of Sussex, N.J.

Schedule of Reserve for Encumbrances

General Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Increased by:		
Charges to Improvement Authorizations	C-8	<u>25,327.27</u>
Balance - December 31, 2021	C	<u>25,327.27</u>

Borough of Sussex, N.J.
Schedule of Bond Anticipation Notes Payable

General Capital Fund

Year Ended December 31, 2021

Ordinance Number	Improvement Description	Original Note	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
15-04	Construction of Parking Lot	95,000.00	2/11/2016	2/7/2020 10/21/2021	10/22/2021 10/21/2022	2.00% 1.50%	57,000.00 -	- 47,500.00	57,000.00 -	- 47,500.00
15-16	Purchase of Fire Truck	475,000.00	2/9/2017	2/7/2020 10/21/2021	10/22/2021 10/21/2022	2.00% 1.50%	332,500.00 -	- 285,000.00	332,500.00 -	- 285,000.00
17-08	Purchase of DPW Equipment	285,000.00	10/29/2017	2/7/2020 10/21/2021	10/22/2021 10/21/2022	2.00% 1.50%	228,000.00 -	- 199,500.00	228,000.00 -	- 199,500.00
							<u>617,500.00</u>	<u>532,000.00</u>	<u>617,500.00</u>	<u>532,000.00</u>
							C			C; C-6
							<u>Ref.</u>			
						Renewals		532,000.00	532,000.00	
						Paid by Budget Appropriation	C-6	-	85,500.00	
								<u>532,000.00</u>	<u>617,500.00</u>	

Borough of Sussex, N.J.
Schedule of Various Reserves
General Capital Fund
Year Ended December 31, 2021

<u>Improvement Description</u>	<u>Balance Dec. 31, 2020</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2021</u>
Reserve for Road Improvements	110,549.79	75,000.00	35,549.79
Reserve for Purchase of Ambulance	48,000.00	-	48,000.00
Reserve for Purchase of Equipment	33,598.00	-	33,598.00
Reserve for Purchase of DPW Equipment	11,070.81	11,070.81	-
Reserve for Purchase of Fire Truck	89,528.00	-	89,528.00
Reserve for Improvement to Municipal Properties	19,610.81	19,610.81	-
Reserve for Purchase of Fire Equipment	22,156.27	-	22,156.27
	<u>334,513.68</u>	<u>105,681.62</u>	<u>228,832.06</u>
	C	C-8	C

Borough of Sussex, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

General Capital Fund

Year Ended December 31, 2021

<u>Ord. No.</u>	<u>Ord. Date</u>	<u>Improvement Description</u>	<u>2021 Authorized</u>	<u>Balance Dec. 31, 2021</u>
21-21	12/21/2021	Improvements to Main St	731,000.00	731,000.00
			<u>731,000.00</u>	<u>731,000.00</u>
			C-8	Footnote C

Borough of Sussex, N.J.

Schedule of Cash

Water/Sewer Utility Fund

Year Ended December 31, 2021

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance - December 31, 2020	D;D-6	<u>611,303.53</u>	<u>1,002,123.15</u>
Increased by Receipts:			
Premium on Note Sale	D-2	-	24,695.00
Miscellaneous Revenue Not Anticipated	D-3	61,930.50	-
Consumer Accounts Receivable	D-7	2,382,402.02	-
Grants Receivable	D-9	-	482,108.00
Water/Sewer Overpayments	D-13	3,492.92	-
Schedule of Interfunds	D-15	39,583.09	128,011.41
Reserve for Debt Service	D-28	-	14,892.00
		<u>2,487,408.53</u>	<u>649,706.41</u>
		<u>3,098,712.06</u>	<u>1,651,829.56</u>
Decreased by Disbursements:			
Budget Appropriations	D-4	2,176,921.40	-
Appropriation Reserves	D-14	299,563.50	-
Schedule of Interfunds	D-15	9,442.14	39,583.09
Reserve for Special Emergency	D-17	9,506.25	-
Accrued Interest	D-18	195,523.01	-
Improvement Authorizations	D-21	-	637,591.78
Encumbrances Payable	D-29	-	29,394.87
		<u>2,690,956.30</u>	<u>706,569.74</u>
Balance - December 31, 2021	D;D-6	<u>407,755.76</u>	<u>945,259.82</u>

Borough of Sussex, N.J.

Analysis of Cash

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Miscellaneous		Improvement Authorizations	Miscellaneous	To	(From)	
Capital Improvement Fund	27,920.00	-	-	-	-	10,000.00	-	37,920.00
Capital Surplus	36,745.78	24,695.00	-	-	-	156,464.39	(168,737.00)	49,168.17
Due Current Fund	-	-	-	-	-	-	(103,883.00)	(103,883.00)
Due Water/Sewer Utility Operating Fund	97,857.22	3,261.41	-	39,583.09	-	12,737.00	-	74,272.54
Due Federal and State Grant Fund	(3,695.30)	124,750.00	-	-	-	-	-	121,054.70
NJ Department of Transportation	(304.16)	-	-	-	-	-	-	(304.16)
Reserve for Debt Service	-	14,892.00	-	-	-	200,000.00	-	214,892.00
Reserve for Encumbrances	123,603.44	-	29,394.87	-	-	12,280.72	(94,208.57)	12,280.72
NJ Environmental Infrastructure Trust Receivable	(299,252.00)	-	-	-	-	299,252.00	-	-
Small Cities Block Grant Receivable	(269,597.00)	482,108.00	-	-	-	103,883.00	(316,394.00)	-
Ord. No.								
		Improvement Authorizations						
09-22,10-04	Rehabilitation of Manholes	464,731.39	-	9,015.00	-	23,088.00	(455,716.39)	23,088.00
14-06	Rt. 23 Water/Sewer Improvements	(9,344.00)	-	-	-	-	-	(9,344.00)
14-07	Various Water/Sewer Improvements	22,640.55	-	-	-	-	-	22,640.55
16-05	Various Water/Sewer Improvements	293,778.57	-	31,773.84	-	32,190.42	(75.00)	294,120.15
16-23	Various Water/Sewer Improvements	(137,961.34)	-	16,605.37	-	-	(8,455.72)	(163,022.43)
18-11	Sanitary Sewer Improvements	-	-	7,076.25	-	38,930.15	-	31,853.90
19-01	Replacement of Service Water Lines and Sewer Manholes	445,000.00	-	443,917.62	-	-	-	1,082.38
20-11	Improvement of the Water Supply System	210,000.00	-	-	-	-	(210,000.00)	-
21-13	Imp. To Various Water/Sewer Systems	-	-	-	-	156,000.00	(3,750.00)	152,250.00
21-16	Imp. Of the Water supply and Dist system	-	-	129,203.70	-	212,511.00	-	83,307.30
21-23	Suppl. For Imp. Of sanitary Sewer System	-	-	-	-	103,883.00	-	103,883.00
		<u>1,002,123.15</u>	<u>649,706.41</u>	<u>666,986.65</u>	<u>39,583.09</u>	<u>1,361,219.68</u>	<u>(1,361,219.68)</u>	<u>945,259.82</u>
		D;D-5						D;D-5

Borough of Sussex, N.J.

Schedule of Consumer Accounts Receivable

Water/Sewer Utility Operating Fund

Year Ended December 31, 2021

	Balance <u>Dec. 31, 2020</u>	<u>Increased</u>	<u>Decreased</u>	Balance <u>Dec. 31, 2021</u>
Consumer Accounts Receivable	<u>1,270,951.83</u>	<u>2,467,220.99</u>	<u>3,627,631.17</u>	<u>110,541.65</u>
	D			D
	<u>Ref.</u>			
Adjustment			1,232,577.95	
Rents Received	D-3; D-5		2,382,402.02	
Overpayments Applied	D-3; D-13		5,052.48	
Transferred to Water/Sewer Liens	D-8		7,598.72	
			<u>3,627,631.17</u>	

Borough of Sussex, N.J.

Schedule of Water/Sewer Utility Liens

Water/Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref</u>	
Balance - December 31, 2020	D	38,246.99
Increased by:		
Transfers From Consumer Accounts Receivable	D-7	<u>7,598.72</u>
Balance - December 31, 2021	D	<u><u>45,845.71</u></u>

Schedule of Grants Receivable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref</u>	
Balance - December 31, 2020	D	269,597.00
Increased by:		
Grants Awarded	D-24	<u>316,394.00</u>
		<u><u>585,991.00</u></u>
Decreased by:		
Cash Receipts	D-5	482,108.00
Interfund - Current Fund	D-15	<u>103,883.00</u>
		<u><u>585,991.00</u></u>

Borough of Sussex, N.J.

Schedule of Fixed Capital

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref</u>	
Balance - December 31, 2020	D	<u>17,004,574.84</u>
Balance - December 31, 2021	D	<u>17,004,574.84</u>

Borough of Sussex, N.J.

Schedule of Fixed Capital Authorized and Uncompleted

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

Ordinance Number	Improvement Description	Ordinance		Balance, Dec. 31, 2020	2021 Authorizations			Authorizations Cancelled	Balance, Dec. 31, 2021
		Date	Amount		Deferred Reserve for Amortization	Deferred Charges to Future Revenue	Grants Receivable		
09-22	Rehabilitation of Manholes	09/01/09	1,100,000.00	1,100,000.00	-	-	-	455,716.39	644,283.61
14-07	Various Water/Sewer Improvements	07/01/14	125,000.00	125,000.00	-	-	-	-	125,000.00
15-06	Various Water/Sewer Improvements	07/21/15	1,200,000.00	1,200,000.00	-	-	-	-	1,200,000.00
16-23	Various Water/Sewer Improvements	09/20/16	2,500,000.00	2,500,000.00	-	-	-	-	2,500,000.00
19-01	Replacement of Water Service Lines and Sewer Manhole Covers	03/19/19	445,000.00	445,000.00	-	-	-	-	445,000.00
20-11	Improvement of the Water Supply System	08/11/20	210,000.00	210,000.00	-	-	-	210,000.00	-
21-13	Imp. To Various Water/Sewer Systems	06/15/21	156,000.00	-	156,000.00	-	-	-	156,000.00
21-16	Imp. Of the Water supply and Dist system	10/05/21	212,511.00	-	-	-	212,511.00	-	212,511.00
21-22	Imp. Of the Water supply and Dist system	12/21/21	785,000.00	-	-	785,000.00	-	-	785,000.00
21-23	Suppl. For Imp. Of sanitary Sewer System	12/21/21	625,000.00	-	-	521,117.00	103,883.00	-	625,000.00
				<u>5,580,000.00</u>	<u>156,000.00</u>	<u>1,306,117.00</u>	<u>316,394.00</u>	<u>665,716.39</u>	<u>6,692,794.61</u>
				D	D-21	D-21	D-21	D-21	D

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Borough of Sussex, N.J.

Schedule of N.J. Environmental Infrastructure Trust Receivable - Ord 09-22

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref</u>	
Balance - December 31, 2020	D	<u>299,252.00</u>
Decreased by:		
Cancelled	D-23	<u>299,252.00</u>

Schedule of Water/Sewer Overpayments

Water/Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref</u>	
Balance - December 31, 2020	D	5,052.48
Increased by:		
Cash Receipts	D-5	<u>3,492.92</u>
		8,545.40
Decreased by:		
Overpayments Applied	D-7	<u>5,052.48</u>
Balance - December 31, 2021	D	<u>3,492.92</u>

Borough of Sussex, N.J.
Schedule of Appropriation Reserves
Water/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	61,142.85	61,142.85	1,449.35	59,693.50
Other Expenses	298,114.15	298,114.15	298,114.15	-
Statutory Expenditures:				
Social Security System (O.A.S.I.)	1,040.76	1,040.76	-	1,040.76
Unemployment Compensation Insurance	532.08	532.08	-	532.08
	<u>360,829.84</u>	<u>360,829.84</u>	<u>299,563.50</u>	<u>61,266.34</u>
	<u>Ref.</u>		D-5	D-1
<u>Analysis of Appropriation Reserve</u>				
Unencumbered	D	319,076.15		
Encumbered	D	41,753.69		
		<u>360,829.84</u>		

Borough of Sussex, N.J.

Schedule of Interfund Accounts Receivable (Payable)

Water/Sewer Utility Operating Fund

Year Ended December 31, 2021

	Ref.	Water/Sewer Operating Fund		Water/Sewer Capital Fund		
		Due From/(To) Water/Sewer Capital Fund	Due From/(To) Payroll Fund	Due From/(To) Current Fund	Due From/(To) Water/Sewer Operating Fund	Due From/(To) Federal and State Grants
Balance - December 31, 2020	D	<u>97,857.22</u>	<u>-</u>	<u>-</u>	<u>(97,857.22)</u>	<u>3,695.30</u>
Increased by:						
Cash Received	D-5	39,583.09	-	-	-	-
Cash Disbursed	D-5	-	6,180.73	-	39,583.09	-
Grants Receivable	D-9	-	-	103,883.00	-	-
		<u>58,274.13</u>	<u>6,180.73</u>	<u>103,883.00</u>	<u>(58,274.13)</u>	<u>3,695.30</u>
Decreased by:						
Utility Capital Fund Balance	D-2	-	-	-	12,737.00	-
Anticipated as Revenue	D-3	12,737.00	-	-	-	-
Cash Disbursed	D-5	3,261.41	-	-	-	-
Cash Received	D-5	-	-	-	3,261.41	124,750.00
		<u>15,998.41</u>	<u>-</u>	<u>-</u>	<u>15,998.41</u>	<u>124,750.00</u>
Balance - December 31, 2021	D	<u><u>74,272.54</u></u>	<u><u>6,180.73</u></u>	<u><u>103,883.00</u></u>	<u><u>(74,272.54)</u></u>	<u><u>(121,054.70)</u></u>

Borough of Sussex, N.J.

**Schedule of N.J Department of Transportation Receivable
Route 23 Utility Relocation**

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref</u>	
Balance - December 31, 2020	D	<u><u>304.16</u></u>
Balance - December 31, 2021	D	<u><u>304.16</u></u>

Schedule of Reserve for Special Emergency

Water/Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Increased by:		
Current Appropriations	D-4	10,668.75
Decreased by:		
Cash Disbursements	D-5	<u>9,506.25</u>
Balance - December 31, 2021	D	<u><u>1,162.50</u></u>

Borough of Sussex, N.J.

Schedule of Accrued Interest On Bonds, Loans and Notes

Water/Sewer Utility Operating Fund

Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> D	41,108.01
Increased by:		
Budget Appropriations	D-4	<u>173,400.00</u>
		214,508.01
Decreased by:		
Cash Disbursed	D-5	<u>195,523.01</u>
Balance - December 31, 2021	D	<u><u>18,985.00</u></u>

<u>Principal Outstanding December 31, 2021</u>	<u>Interest Rate</u>	<u>From</u>	<u>To</u>	<u>Period in Days</u>	<u>Required Amount</u>	<u>Actual Amount</u>
Bonds Payable:						
233,000.00	Various	11/01/21	12/31/21	60	1,910.00	951.74
230,000.00	3.00%	07/01/21	12/31/21	183	3,450.00	1,719.11
2,960,000.00	4.00%	07/01/21	12/31/21	183	19,051.00	9,493.00
NJFIT Loan Payable:						
73,556.34	Various	08/01/21	12/31/21	152	1,175.00	585.50
181,830.55	Various				N/A	N/A
315,000.00	Various	08/01/21	12/31/21	152	7,060.00	3,517.96
263,318.72	Various				N/A	N/A
Bond Anticipation Notes:						
1,923,155.00	1.50%	10/23/21	12/31/21	69	<u>5,454.00</u>	<u>2,717.70</u>
					<u><u>38,100.00</u></u>	<u><u>18,985.00</u></u>

Borough of Sussex, N.J.
Schedule of Accounts Payable
Water/Sewer Utility Fund
Year Ended December 31, 2021

Balance - December 31, 2020	<u>Ref.</u> D	<u>67,109.16</u>
Decreased by: Cancelled	D-1	<u>67,109.16</u>

Borough of Sussex, N.J.

Schedule of Deferred Charges

Water/Sewer Utility Operating Fund

Year Ended December 31, 2021

	<u>Amount Authorized</u>	<u>1/5 of Amount Authorized</u>	<u>Balance Dec. 31,2020</u>	<u>Added in 2021</u>	<u>Balance Dec 31, 2021</u>
Special Emergency Authorization (40A: 4-53) COVID 19 Revenue Replacement	117,374.00	23,474.80	117,374.00	-	117,374.00
Special Emergency Appropriation (40A: 4-54) Flood Damage - Tropical Storm Ida	21,000.00	4,200.00	-	21,000.00	21,000.00
			<u>117,374.00</u>	<u>21,000.00</u>	<u>138,374.00</u>
			D	D-4	D

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

Ord. No.	Improvement Description	Ordinance Date	Amount	2021 Authorizations							Purchase Orders Cancelled	Balance Dec. 31, 2021	
				Balance Dec. 31, 2020		Grants Receivable	Capital Fund Balance	Deferred Charges To Future Revenue	Authorizations Canceled	Expended		Funded	Unfunded
				Funded	Unfunded								
09-22	Rehabilitation of Manholes	09/01/2009	1,100,000.00	464,731.39	-	-	-	-	455,716.39	9,015.00	23,088.00	23,088.00	-
14-07	Various Water/Sewer Improvements	07/01/2014	125,000.00	22,640.55	-	-	-	-	-	-	-	22,640.55	-
15-06	Various Water/Sewer Improvements	07/21/2015	1,200,000.00	-	293,778.57	-	-	-	-	31,848.84	32,190.42	-	294,120.15
16-23	Various Water/Sewer Improvements	09/20/2016	2,500,000.00	-	1,242,038.66	-	-	-	-	25,061.09	-	-	1,216,977.57
18-11	Sanitary Sewer Improvements	12/18/2018	40,000.00	-	-	-	-	-	-	7,076.25	38,930.15	31,853.90	-
19-01	Replacement of Service Water Lines and Sewer Manholes	03/19/2019	445,000.00	445,000.00	-	-	-	-	-	443,917.62	-	1,082.38	-
20-11	Improvement of the Water Supply System	08/11/2020	210,000.00	10,000.00	200,000.00	-	-	-	210,000.00	-	-	-	-
21-13	Imp. To Various Water/Sewer Systems	06/15/2021	156,000.00	-	-	-	156,000.00	-	-	3,750.00	-	152,250.00	-
21-16	Imp. Of the Water Supply and Dist System	10/05/2021	212,511.00	-	-	212,511.00	-	-	-	129,203.70	-	83,307.30	-
21-22	Imp. Of the Water Supply and Dist System	12/21/2021	785,000.00	-	-	-	-	785,000.00	-	-	-	-	785,000.00
21-23	Suppl. For Imp. Of Sanitary Sewer System	12/21/2021	625,000.00	-	-	103,883.00	-	521,117.00	-	-	-	103,883.00	521,117.00
				<u>942,371.94</u>	<u>1,735,817.23</u>	<u>316,394.00</u>	<u>156,000.00</u>	<u>1,306,117.00</u>	<u>665,716.39</u>	<u>649,872.50</u>	<u>94,208.57</u>	<u>418,105.13</u>	<u>2,817,214.72</u>
				D	D	D-11	D-11	D-11; D-30	D-11		D-29	D	D
<u>Analysis of Expended</u>													
Cash Disbursements												637,591.78	
Reserve for Encumbrances												12,280.72	
												<u>649,872.50</u>	

Borough of Sussex, N.J.

Schedule of Capital Improvement Fund

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	D	27,920.00
Increased by:		
Improvement Authorizations Cancelled	D-24	<u>10,000.00</u>
Balance - December 31, 2021	D	<u><u>37,920.00</u></u>

Schedule of Reserve for Amortization

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>	
Balance - December 31, 2020	D	13,104,944.49
Increased by:		
Transfer from Deferred Reserve for Amortization	D-24	84,690.00
Paid by Water/Sewer Utility Operating Budget:		
Serial Bonds	D-25	290,000.00
NJ Environmental Infrastructure Loan	D-27	84,802.74
Paid by Bond Funds	D-25	<u>300,000.00</u>
		<u>759,492.74</u>
Decreased by:		
Water/Sewer Capital Surplus	D-2	156,464.39
NJ Environmental Infrastructure Loan Receivable	D-12	299,252.00
Reserve for Debt Service	D-28	<u>200,000.00</u>
		<u>655,716.39</u>
Balance - December 31, 2021	D	<u><u>13,208,720.84</u></u>

Borough of Sussex, N.J.

Schedule of Deferred Reserve for Amortization

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

Ordinance Number	Improvement Description	Date of Ordinance	Balance, Dec. 31, 2020	Paid From Operating Budget Notes	Fixed Capital Authorized	Authorizations Canceled To Capital Improvement Fund	To Reserve For Amortization Fixed Capital	Balance, Dec. 31, 2021
09-22	Rehabilitation of Manholes	09/01/2009	107,778.00	-	-	-	84,690.00	23,088.00
14-06	Various Water/Sewer Improvements	07/01/2014	-	9,000.00	-	-	-	9,000.00
15-06	Various Water/Sewer Improvements	07/21/2015	39,250.00	19,250.00	-	-	-	58,500.00
16-23	Various Water/Sewer Improvements	09/20/2016	537,595.00	7,750.00	-	-	-	545,345.00
18-11	Sanitary Sewer Imprvoements	12/18/2018	40,000.00	-	-	-	-	40,000.00
19-01	Replacement of Water Service Lines and Sewer Manholes	03/05/2019	445,000.00	-	-	-	-	445,000.00
20-11	Improvement of the Water Supply System	08/11/2020	10,000.00	20,000.00	-	10,000.00	-	20,000.00
21-13	Imp. To Various Water/Sewer Systems	06/15/2021	-	-	156,000.00	-	-	156,000.00
21-16	Imp. Of the Water supply and Dist system	10/05/2021	-	-	212,511.00	-	-	212,511.00
21-23	Suppl. For Imp. Of sanitary Sewer System	12/21/2021	-	-	103,883.00	-	-	103,883.00
			<u>1,179,623.00</u>	<u>56,000.00</u>	<u>472,394.00</u>	<u>10,000.00</u>	<u>84,690.00</u>	<u>1,613,327.00</u>
			D	D-15;D-26		D-22	D-23	D
		<u>Ref.</u>						
	Capital Fund Balance	D-2			156,000.00			
	Grants Receivable	D-9			316,394.00			
					<u>472,394.00</u>			

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Borough of Sussex, N.J.
Schedule of Serial Bonds Payable
Water/Sewer Utility Capital Fund
Year Ended December 31, 2021

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Matures of Bonds Outstanding December 31, 2021</u>		<u>Interest Rate</u>	<u>Balance Dec. 31 2020</u>	<u>Issued For Cash</u>	<u>Decreased</u>	<u>Balance Dec. 31, 2021</u>
			<u>Date</u>	<u>Amount</u>					
General Obligation Bonds	11/01/05	1,193,000.00	11/1/22-24	60,000.00	5.00%				
			11/1/25	53,000.00	5.00%	293,000.00	-	60,000.00	233,000.00
Refunding Bonds of 2012	07/01/12	5,515,000.00	1/1/2022	230,000.00	3.00%	3,720,000.00	-	3,490,000.00	230,000.00
Refunding Bonds of 2021			1/1/2022	15,000.00	3.00%				
			1/1/2023	225,000.00	4.00%				
			1/1/2024	185,000.00	4.00%				
			1/1/2025	170,000.00	4.00%				
			1/1/2026	175,000.00	4.00%				
			1/1/2027	185,000.00	4.00%				
			1/1/2028	190,000.00	4.00%				
			1/1/2029	205,000.00	4.00%				
			1/1/2030	210,000.00	4.00%				
			1/1/2031	215,000.00	4.00%				
			1/1/2032	220,000.00	4.00%				
			1/1/2033	235,000.00	4.00%				
			1/1/2034	245,000.00	4.00%				
			1/1/2035	255,000.00	4.00%				
			1/1/2036	190,000.00	4.00%				
			1/1/2037	40,000.00	4.00%				
							2,960,000.00	-	2,960,000.00
						<u>4,013,000.00</u>	<u>2,960,000.00</u>	<u>3,550,000.00</u>	<u>3,423,000.00</u>
						D			D

	<u>Ref.</u>		
Refunded		2,960,000.00	2,960,000.00
Paid by Budget Appropriations	D-23	-	290,000.00
Bond Resizing	D-23	-	300,000.00
		<u>2,960,000.00</u>	<u>3,550,000.00</u>

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref</u>	
Balance - December 31, 2020	D	918,508.35
Decreased by:		
Principal Matured	D-23	<u>84,802.74</u>
Balance - December 31, 2021	D	<u><u>833,705.61</u></u>

Schedule of Principal and Interest Payments Outstanding December 31, 2021
Trust Share February 17, 2010 in the amount of \$149,000.00

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				73,556.34
24	2/1/2022		1,415.08	73,556.34
25	8/1/2022	8,071.90	1,415.08	65,484.44
26	2/1/2023		1,275.44	65,484.44
27	8/1/2023	8,351.19	1,275.44	57,133.25
28	2/1/2024		1,125.12	57,133.25
29	8/1/2024	8,651.83	1,125.12	48,481.42
30	2/1/2025		965.49	48,481.42
31	8/1/2025	8,971.09	965.49	39,510.33
32	2/1/2026		795.49	39,510.33
33	8/1/2026	9,311.09	795.49	30,199.24
34	2/1/2027		614.39	30,199.24
35	8/1/2027	9,673.29	614.39	20,525.95
36	2/1/2028		421.89	20,525.95
37	8/1/2028	10,058.29	421.89	10,467.66
38	2/1/2029		217.20	10,467.66
39	8/1/2029	10,467.66	217.20	0.00
		<u>73,556.34</u>	<u>13,660.20</u>	

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

Schedule of Principal and Interest Payments Outstanding December 31, 2021
Fund Share dated February 17, 2010 in the amount of \$447,000

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
21			181,830.55
22	2/1/2022	7,576.27	174,254.28
23	8/1/2022	15,152.54	159,101.74
24	2/1/2023	7,576.27	151,525.47
25	8/1/2023	15,152.54	136,372.93
26	2/1/2024	7,576.27	128,796.66
27	8/1/2024	15,152.54	113,644.12
28	2/1/2025	7,576.27	106,067.85
29	8/1/2025	15,152.54	90,915.31
30	2/1/2026	7,576.27	83,339.04
31	8/1/2026	15,152.54	68,186.50
32	2/1/2027	7,576.27	60,610.23
33	8/1/2027	15,152.54	45,457.69
34	2/1/2028	7,576.27	37,881.42
35	8/1/2028	15,152.54	22,728.88
36	2/1/2029	7,576.27	15,152.61
37	8/1/2029	15,152.61	0.00
		<u>181,830.55</u>	

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

Schedule of Principal and Interest Payments Outstanding December 31, 2021

Trust Share December 2, 2010 in the amount of \$535,000

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Balance</u>
				315,000.00
22	2/1/2022		7,875.00	315,000.00
23	8/1/2022	30,000.00	7,875.00	285,000.00
24	2/1/2023		7,125.00	285,000.00
25	8/1/2023	30,000.00	7,125.00	255,000.00
26	2/1/2024		6,375.00	255,000.00
27	8/1/2024	30,000.00	6,375.00	225,000.00
28	2/1/2025		5,625.00	225,000.00
29	8/1/2025	35,000.00	5,625.00	190,000.00
30	2/1/2026		4,750.00	190,000.00
31	8/1/2026	35,000.00	4,750.00	155,000.00
32	2/1/2027		3,875.00	155,000.00
33	8/1/2027	35,000.00	3,875.00	120,000.00
34	2/1/2028		3,000.00	120,000.00
35	8/1/2028	40,000.00	3,000.00	80,000.00
36	2/1/2029		2,000.00	80,000.00
37	8/1/2029	40,000.00	2,000.00	40,000.00
38	2/1/2030		1,000.00	40,000.00
39	8/1/2030	40,000.00	1,000.00	0.00
		<u>315,000.00</u>	<u>83,250.00</u>	

Borough of Sussex, N.J.

Schedule of NJ Environmental Infrastructure Trust Loan Payable

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

Schedule of Principal and Interest Payments Outstanding December 31, 2021

Fund Share dated December 2, 2010 in the amount of \$575,400

<u>Payment Number</u>	<u>Due</u>	<u>Principal</u>	<u>Loan Balance</u>
			263,318.72
22	2/1/2022	9,752.54	253,566.18
23	8/1/2022	19,505.08	234,061.10
24	2/1/2023	9,752.54	224,308.56
25	8/1/2023	19,505.08	204,803.48
26	2/1/2024	9,752.54	195,050.94
27	8/1/2024	19,505.08	175,545.86
28	2/1/2025	9,752.54	165,793.32
29	8/1/2025	19,505.08	146,288.24
30	2/1/2026	9,752.54	136,535.70
31	8/1/2026	19,505.08	117,030.62
32	2/1/2027	9,752.54	107,278.08
33	8/1/2027	19,505.08	87,773.00
34	2/1/2028	9,752.54	78,020.46
35	8/1/2028	19,505.08	58,515.38
36	2/1/2029	9,752.54	48,762.84
37	8/1/2029	19,505.08	29,257.76
38	2/1/2030	9,752.54	19,505.22
39	8/1/2030	19,505.22	0.00
		<u>263,318.72</u>	

Borough of Sussex, N.J.

Schedule of Reserve for Debt Service

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Increased by:			
Improvement Authorization Canceled	D-23	200,000.00	
Cash Receipts	D-5	<u>14,892.00</u>	
			<u>214,892.00</u>
Balance - December 31, 2021	D		<u>214,892.00</u>

Schedule of Reserve for Encumbrances

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

	<u>Ref.</u>		
Balance - December 31, 2020	D		123,603.44
Increased by:			
Charges to Improvements Authorizations	D-21		<u>12,280.72</u>
			135,884.16
Decreased By:			
Cash Disbursements	D-5	29,394.87	
Cancelled	D-21	<u>94,208.57</u>	
			<u>123,603.44</u>
Balance - December 31, 2021	D		<u>12,280.72</u>

Borough of Sussex, N.J.

Schedule of Bonds and Notes Authorized But Not Issued

Water/Sewer Utility Capital Fund

Year Ended December 31, 2021

Ordinance Number	Improvement Description	Balance, Dec. 31, 2020	2021 Authorizations	Balance, Dec. 31, 2021
14-06	Rt. 23 Water/Sewer Improvements	9,344.00	-	9,344.00
16-23	Various Water/Sewer Improvements	1,380,000.00	-	1,380,000.00
21-22	Imp. Of the Water supply and Dist system	-	785,000.00	785,000.00
21-23	Suppl. For Imp. Of sanitary Sewer System	-	521,117.00	521,117.00
		<u>1,389,344.00</u>	<u>1,306,117.00</u>	<u>2,695,461.00</u>
		Footnote D	D-21	Footnote D

BOROUGH OF SUSSEX

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. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
PAUL J. CUVA, CPA, RMA, PSA
JAMES J. CERULLO, CPA, RMA, PSA
THOMAS M. FERRY, CPA, RMA, PSA

HEADQUARTERS
401 WANAQUE AVENUE
POMPTON LAKES, NEW JERSEY 07442
(973)-835-7900
OFFICE@W-CPA.COM

ROCKAWAY OFFICE
100 ENTERPRISE DRIVE
SUITE 301
ROCKAWAY, NEW JERSEY 07866
(973)-835-7900

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 Sussex
Sussex, New Jersey 07461

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 Sussex 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 9, 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 Sussex'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 Sussex's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Sussex'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 2021-01, that we consider to be a significant deficiency.

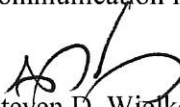
Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Borough of Sussex'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 Sussex in the accompanying comments and recommendations section of this report.

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


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


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

August 9, 2022



**BOROUGH OF SUSSEX
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Summary of Auditor's Results:

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

The audit did disclose significant deficiencies 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 2021 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 2021-01 - Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department. 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. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The Deputy Treasurer deposits, disburses funds and posts the activity to the finance software and can also over-ride the software to record over-expenditures. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Management's Response:

This finding was evaluated by the governing body and administration; however, due to budgetary constraints, the Borough does not have the resources to adequately segregate related duties to resolve this finding at this time.

Findings and Questioned Costs for Federal Awards:

Not applicable

Findings and Questioned Costs for State Awards:

Not applicable

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

STATUS OF PRIOR YEAR FINDINGS

The Borough's prior year finding, 2020-01, regarding Segregation of Duties has not been corrected and is included in the audit for the year ended December 31, 2021.

Finding 2021-01:

Condition:

The Borough does not maintain an adequate segregation of duties within the Treasury Department. 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. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The Deputy Treasurer deposits, disburses funds and posts the activity to the finance software. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system.

Current Status:

Corrective action was not taken. The Borough was made aware of this lack of internal control and will consider strengthening internal control within reason of the costs, benefits derived and budget constraints.

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 9, 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, or \$21,000 as of July 1, 2005, 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, or \$21,000 as of July 1, 2005. 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. On July 1, 2020, the amount was increased to \$44,000.00 with a qualified purchasing agent.

The Governing Body of the Borough of Sussex 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 for Borough Appraiser, Engineer, Auditor, Attorney, Municipal Prosecutor, Borough Planner, Special Prosecutor, Insurance Agent and Bond Counsel.

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.

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. No violations were disclosed.

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.

Collection of Interest on Delinquent Taxes and Assessments

The governing body on January 19, 2021 adopted the following resolutions authorizing interest to be charged on delinquent taxes:

NOW, THEREFORE, BE IT RESOLVED, by the Borough Council of the Borough of Sussex, County of Sussex, State of New Jersey, as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes becoming delinquent after due date and, 18% per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

GENERAL COMMENTS (CONTINUED)

Collection of Interest on Delinquent Taxes and Assessments (continued)

- 2. Effective January 19, 2021 there will be a ten (10) day grace period of quarterly tax payments made by cash, check or money order.
- 3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on December 15, 2021.

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

<u>Year</u>	<u>Number of Liens</u>
2021	5
2020	5
2019	4

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

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 result 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.

GENERAL COMMENTS (CONTINUED)

Segregation of Duties

The Borough does not maintain an adequate segregation of duties within the Treasury Department. 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. The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes, utility charges and permits and license fees; and recording of collections. The Deputy Treasurer deposits, disburses funds and posts the activity to the finance software and can also over-ride the software to record over-expenditures. This situation occurred because of the limited number of employees qualified to perform other accounting functions. The Borough also does not have adequate controls within the software system. The Borough was made aware of this lack on internal control and will consider strengthening Internal Control within reason of the costs and benefits derived.

Management Response:

Duties of personnel will be reviewed to determine whether more adequate segregation of duties can be provided within budget constraints.

OTHER COMMENTS

Finance

1. There are cash deficits in ordinances over 5 years old in the Water/Sewer Capital Fund.

Management Response:

Cash deficits in ordinances over 5 years old will be raised in future budgets.

RECOMMENDATIONS

1. That adequate segregation of duties within the Treasury Department be maintained.
2. That cash deficits in ordinances over 5 years old be raised in future budgets

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 which is included in this year's recommendations:

1. That adequate segregation of duties within the Treasury Department be maintained.
2. That cash deficits in ordinances over 5 years old be raised in future budgets.

The problems and weaknesses noted in our audit were not of such magnitude that they would affect our ability to express an opinion of 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. CR00413



WIELKOTZ & COMPANY, LLC
Certified Public Accountants