

BOROUGH OF MEDFORD LAKES
County of Burlington

Report of Audit of Financial Statements
For the Year Ended December 31, 2020

BOROUGH OF MEDFORD LAKES
COUNTY OF BURLINGTON

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BOROUGH OF MEDFORD LAKES

PART I

Report of Audit of Financial Statements

For the Year Ended December 31, 2020

INVERSO & STEWART, LLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Medford Lakes
County of Burlington
Medford Lakes, New Jersey

Report on the Financial Statements

I have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis, statement of expenditures - regulatory basis, and statement of general fixed assets group of accounts for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions of 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 the State 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.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2020 and 2019, or the results of its operations and changes in fund balance for the years then ended.

Opinion on Regulatory Basis of Accounting

In my opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of December 31, 2020 and 2019, and the results of its operations and changes in fund balance – regulatory basis of such funds for the years then ended, and the revenues - regulatory basis, expenditures - regulatory basis of the various funds, and general fixed assets, for the year ended December 31, 2020 in conformity with accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Information

My audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough’s basic financial statements. The supplemental financial statements presented for the various funds are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and are not a required part of the basic financial statements

The supplementary financial statements presented for the various funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 with auditing standards generally accepted in the United States of America. In my opinion, the information described in the previous paragraph is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 30, 2021 on my consideration of the Borough of Medford Lakes', in the County of Burlington, State of New Jersey, internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Medford Lakes' internal control over financial reporting.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
July 30, 2021

INVERSO & STEWART, LLC

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Borough Council
Borough of Medford Lakes
County of Burlington
Medford Lakes, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey of the Borough of Medford Lakes, in the County of Burlington, State of New Jersey, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued my report thereon dated July 30, 2021. That report indicated that the Borough of Medford Lakes' financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Medford Lakes' financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or audit requirements as prescribed by the Division of Local Governments Services, Department of Community Affairs, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
July 30, 2021

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2020 and 2019

	<u>Reference</u>	2020	2019
<u>ASSETS</u>			
Regular Fund:			
Cash - Treasurer	A-4	\$ 4,549,173.61	\$ 5,165,985.11
Cash - Tax Collector	A-5	87,827.63	66,497.32
Cash - Collector's Change Fund		500.00	500.00
Investment - Bond Anticipation Note		<u>1,472,477.00</u>	<u>1,004,000.00</u>
 Total		 <u>6,109,978.24</u>	 <u>6,236,982.43</u>
 Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-6	174,649.37	207,513.59
Tax Title Lien Receivable	A-7	40,078.18	35,043.22
Revenue Accounts Receivable	A-8	2,529.70	24,379.42
Due from Other Trust Fund	B	27,867.75	20,656.34
Due from Capital Fund	C	123,903.54	173,515.40
Due from Sewer Utility Fund	D	83,599.49	24,364.80
Due from Sewer Capital Fund	D	<u>14,800.00</u>	<u>14,800.00</u>
 Total		 <u>467,428.03</u>	 <u>500,272.77</u>
 Deferred Charges:			
Special Emergency Authorization	A-18		30,000.00
 Total Regular Fund		 <u>6,577,406.27</u>	 <u>6,767,255.20</u>
 Federal and State Grant Fund:			
Cash - Treasurer	A-4	24,141.82	289,384.07
Federal and State Grants Receivable	A-19	104,512.38	104,512.38
Due from Current Fund	A	<u>44,689.94</u>	<u>44,689.94</u>
 Total Federal and State Grant Fund		 <u>173,344.14</u>	 <u>438,586.39</u>
 Total		 <u>\$ 6,750,750.41</u>	 <u>\$ 7,205,841.59</u>

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2020 and 2019

	Reference	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Liabilities:			
Appropriation Reserves	A-3	\$ 133,851.80	\$ 229,073.62
Reserve for Encumbrances	A-3/A-9	71,648.25	75,233.78
Accounts Payable		215.55	25,576.07
Reserve for Farmers Market	A-10	3,306.91	3,306.91
Reserve for Leon Todd Memorial Park	A-11	3,871.81	3,704.31
Tax Overpayments	A-13	18,116.40	5,146.67
Prepaid Taxes	A-4	124,005.79	99,541.64
Reserve for Tax Title Liens/Tax Sale Premiums	A-14	87,827.63	66,497.32
Reserve for Storm Damage		56,964.15	58,089.56
Reserve for Safety Award		821.70	
Due State of New Jersey:			
Construction Code Fees		1,108.00	1,487.00
Marriage License Fees		75.00	100.00
Vets & SC Deductions	A-12	3,698.63	1,698.63
Due to Federal and State Grant Fund	A	44,689.94	44,689.94
Due to Trust Other Fund	B	23,018.00	9,018.00
Due to Sewer Operating	D	757.90	757.90
Reserve for Off-Duty Police			8,872.50
Due County for Added Taxes	A-15	2,284.63	4,659.66
Regional High School Tax Payable	A-16	1,711,531.39	1,731,192.37
Local District School Tax Payable	A-17	2,489,657.77	2,508,468.25
Total Liabilities		4,777,451.25	4,877,114.13
Reserve for Receivables and Other Assets	A	467,428.03	500,272.77
Fund Balance	A-1	1,332,526.99	1,389,868.30
Total Regular Fund		6,577,406.27	6,767,255.20
Federal and State Grant Fund:			
Unappropriated Reserves	A-20		10,095.56
Reserve for Encumbrances	A-21	1,256.00	19,341.23
Due to Capital Fund	C		222,854.75
Appropriated Reserves	A-21	172,088.14	186,294.85
Total Federal and State Grant Fund		173,344.14	438,586.39
Total		\$ 6,750,750.41	\$ 7,205,841.59

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ 875,000.00	\$ 775,000.00
Miscellaneous Revenue Anticipated	868,905.00	860,704.48
Receipts from Delinquent Taxes	187,342.10	223,348.50
Receipts from Current Taxes	14,847,676.07	14,786,847.04
Nonbudget Revenues	152,626.99	365,212.25
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	198,641.52	169,563.71
Liquidation of Interfunds	25,576.07	23,443.76
Cancellation of Accounts Payable	25,576.07	25,576.07
Cancellation of Overpayments	11,618.69	11,618.69
Total Revenue and Other Income Realized	<u>17,155,767.75</u>	<u>17,215,738.43</u>
Expenditures:		
Operations Within "CAPS":		
Salaries and Wages	1,583,568.36	1,578,171.58
Other Expenses	1,596,292.64	1,497,257.36
Deferred Charges and Statutory Expenditures Within "CAPS"	378,137.00	389,337.06
Operations Excluded from "CAPS":		
Salaries and Wages	31,706.00	24,777.50
Other Expenses	44,491.26	26,812.95
Capital Improvements Excluded from "CAPS"	40,000.00	80,000.00
Municipal Debt Service Excluded from "CAPS"	648,609.09	548,609.08
Deferred Charges Excluded from "CAPS"	30,000.00	80,000.00
Local District School Tax	6,679,992.00	6,717,613.00
Regional High School Tax	3,341,278.00	3,380,600.00
County Taxes	1,953,320.91	1,909,703.81
Due County for Added Taxes	2,284.63	4,659.66
Overpayment created	1,996.23	1,996.23
Interfunds created	5,682.94	5,682.94
Prior Year Senior Citizens Disallowed	<u>750.00</u>	<u>1,000.00</u>
Total	<u>16,338,109.06</u>	<u>16,238,542.00</u>
Excess	<u>817,658.69</u>	<u>977,196.43</u>
Adjustment to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>817,658.69</u>	<u>977,196.43</u>
Statutory Excess to Fund Balance	<u>1,389,868.30</u>	<u>1,187,671.87</u>
Fund Balance January 1	<u>2,207,526.99</u>	<u>2,164,868.30</u>
Decreased by Utilization as Anticipated Revenue	<u>875,000.00</u>	<u>775,000.00</u>
Balance December 31,	<u><u>\$ 1,332,526.99</u></u>	<u><u>\$ 1,389,868.30</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2020

	BUDGET	SPECIAL NJS 40A:4-87	REALIZED	EXCESS (DEFICIT)
Fund Balance Anticipated	\$ 875,000.00	\$ -	\$ 875,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcohol	1,125.00		1,431.00	306.00
Fees and Permits - Other	15,000.00		39,317.33	24,317.33
Fines and Costs - Municipal Court	36,000.00		33,043.99	(2,956.01)
Interest and Costs on Taxes	45,000.00		45,663.80	663.80
Cellular Tower Rental	120,000.00		150,051.66	30,051.66
Consolidated Municipal Property Tax Relief Aid	-			-
Energy Receipts Taxes	289,600.00		289,600.01	0.01
Uniform Construction Code Fees	42,000.00		57,922.00	15,922.00
Shared Service:				
Municipal Court - Shamong Township	31,706.00		52,383.95	20,677.95
Reserve for Payment of Debt Service Cost	165,000.00		165,000.00	-
Miscellaneous Revenues Offset with Appropriations:				
Recycling Tonnage Grant	5,292.21		5,292.21	
Body Armor	1,339.35		1,339.35	
Drive Sober or Get Pulled Over	-		-	
Drunk Driving Enforcement Fund	12,506.15		12,506.15	
Municipal Alliance Against Alcoholism & Drug Abuse	4,803.35		4,803.35	
Green Communities	-		-	
Clean Communities		10,550.20	10,550.20	
Total	769,372.06	10,550.20	868,905.00	88,982.74
Receipts from Delinquent Taxes	180,000.00		187,342.10	7,342.10
Amount to be Raised by Taxes for Support of Municipal Budget - Local Tax for Municipal Purposes	3,022,358.75		3,375,277.19	352,918.44
Budget Totals	4,846,730.81	10,550.20	5,306,524.29	\$ 449,243.28
Nonbudget Revenues			152,626.99	
Total	\$ 4,846,730.81	\$ 10,550.20	\$ 5,459,151.28	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2020Analysis of Realized Revenue**Allocation of Current Tax Collections:**

Revenue from Collections	\$ 14,847,676.07
Allocated to School and County Taxes	11,976,875.54
Balance for Support of Municipal Budget Appropriations	2,870,800.53
Add Appropriation - Reserve for Uncollected Taxes	504,476.66
Amount for Support of Municipal Budget Appropriations	<u>\$ 3,375,277.19</u>

Receipts from Delinquent Taxes:

Delinquent Tax Collections	<u>\$ 187,342.10</u>
----------------------------	----------------------

Fees and Permits - Other:

Historic Commission Permits	\$ 115.00
Street Opening Permits	18,500.00
Firearm Permits	937.00
Zoning Permits	5,605.00
Land Use Board Fees	500.00
Tree Removal Permits	3,970.00
Permits and Fees	886.00
Fire Official Permits and Fees	8,804.33
Total	<u>\$ 39,317.33</u>

Miscellaneous Revenue Not Anticipated:

Collected - Treasurer	
Cable TV Franchise Fee	\$ 63,578.06
Vet & Senior Citiitizen Admin Fee	700.00
JIF Dividend	80.00
Vacant Property Fee	9,500.00
Photocopies	571.89
Admin Fee - Off Duty Police	10,495.33
Interest on Bank Deposits	25,031.20
Police Reports	357.93
Raffle License	260.00
Burlington County Salt Reimbursements	736.00
Duplicate Bill	158.00
Refund of Prior Year Expense	<u>41,158.58</u>
Total Treasurer	<u>\$ 152,626.99</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended Balance Canceled	
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved		
GENERAL APPROPRIATIONS:							
<i>Operations Within "CAPS":</i>							
General Government							
General Administration:							
Salaries and Wages	\$ 110,800.00	\$ 109,707.88	\$ 108,131.98	\$ -	\$ 1,575.90	\$ -	
Other Expenses	15,950.00	15,950.00	11,304.38	1,747.16	2,898.46		
Mayor and Council:							
Salaries and Wages	8,500.00	8,500.00	8,500.00				
Other Expenses	6,950.00	1,991.11	847.84		1,143.27		
Borough Clerk:							
Salaries and Wages	71,400.00	71,689.60	71,689.60				
Other Expenses	20,550.00	12,952.27	7,775.42	147.20	5,029.65		
Financial Administration:							
Salaries and Wages	33,000.00	33,000.00	31,479.60		1,520.40		
Other Expenses	2,775.00	2,775.00	678.39		2,096.61		
Audit Services:							
Other Expenses	18,500.00	18,500.00	18,000.00		500.00		
Computerized Data Processing:							
Other Expenses	18,750.00	19,093.42	19,093.42				
Collection of Taxes:							
Salaries and Wages	29,580.00	29,580.00	29,215.59		364.41		
Other Expenses	2,290.00	2,290.00	827.00	268.40	1,194.60		
Assessment of Taxes:							
Other Expenses	35,500.00	35,500.00	29,174.50		6,325.50		
Legal Services & Costs:							
Other Expenses	38,000.00	45,033.05	41,825.55		3,207.50		
Engineering Services:							
Other Expenses	18,500.00	38,101.89	38,101.89				

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
General Government						
Historic Preservation Commission:						
Salaries and Wages	\$ 1,450.00	\$ 1,625.00	\$ 1,625.00	\$ -	\$ -	\$ -
Land Use Administration:						
Planning Board:						
Salaries & Wages	5,000.00	5,000.00	4,659.05			340.95
Other Expenses	9,000.00	9,000.00	5,743.40			3,256.60
Insurance:						
Liability Insurance	211,000.00	197,358.33	193,491.00			3,867.33
Employees Group Insurance	396,534.00	452,536.62	450,924.71			1,611.91
Health Benefit Waiver	18,000.00	18,000.00	11,991.73			6,008.27
Public Safety:						
Police:						
Salaries and Wages	916,663.00	892,854.62	892,854.62			
Other Expenses	61,800.00	61,800.00	44,154.93	12,971.89		4,673.18
Office of Emergency Management:						
Salaries and Wages	2,244.00	2,244.00	2,175.45			68.55
Other Expenses	1,650.00	1,650.00	456.12			1,193.88
Fire Department:						
Other Expenses	79,810.00	79,883.70	59,751.24	20,132.46		
Fire Official:						
Salaries & Wages	16,014.00	16,014.00	15,139.28			874.72
	1,250.00	1,750.00		1,750.00		

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
Borough Prosecutor:						
Other Expenses	\$ 7,200.00	\$ 9,062.95	\$ 7,944.00	\$ -	\$ 1,118.95	\$ -
Public Works:						
Streets & Roads:						
Salaries and Wages	313,780.00	292,405.51	292,405.51			
Other Expenses	113,250.00	112,530.00	103,761.37	5,853.05	2,915.58	
Solid Waste Collection:						
Salaries & Wages	23,225.00	23,225.00	23,039.96		185.04	
Other Expenses	35,700.00	35,700.00	25,741.66	3,000.00	6,958.34	
Public Buildings and Grounds:						
Other Expenses	37,000.00	44,170.73	39,988.82	4,133.31	48.60	
Vehicle Maintenance:						
Other Expenses	56,500.00	70,279.07	67,853.64	2,425.43	(0.00)	
Utility Expenses and Bulk Purchases:						
Electricity	25,000.00	25,000.00	21,921.29		3,078.71	
Street Lighting	10,000.00	10,000.00	8,718.67		1,281.33	
Telephone	21,000.00	16,520.44	16,520.44			
Natural Gas	13,500.00	11,963.26	11,191.84		771.42	
Gasoline	50,000.00	36,414.41	27,050.01	3,364.40	6,000.00	
Printing & Postage	6,500.00	6,500.00			6,500.00	
Landfill/Solid Waste Disposal Costs:						
Landfill Fees	176,000.00	176,000.00	158,315.03	15,000.00	2,684.97	
Uniform Construction Code:						
Construction Code Official:						
Salaries and Wages	18,972.00	23,930.89	23,930.89			
Other Expenses	23,000.00	23,000.00	15,900.25		7,099.75	
Zoning Code Enforcement Officer:						
Salaries and Wages	12,444.00	12,444.00	12,377.16		66.84	
Other Expenses	200.00	200.00			200.00	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Within "CAPS" (Continued)						
Accumulated Sick Leave Compensation						
Salaries and Wages	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00	\$ -	\$ -	\$ -
Municipal Court:						
Salaries and Wages	60,180.00	51,397.86	51,397.86			
Other Expenses	15,000.00	4,786.39	3,152.51	854.95	778.93	
Public Defender						
Salaries and Wages	4,950.00	4,950.00	4,275.00		675.00	
Total Operations - Within "CAPS"	<u>3,179,861.00</u>	<u>3,179,861.00</u>	<u>3,020,097.60</u>	<u>71,648.25</u>	<u>88,115.15</u>	
Contingent						
Total Operations Including Contingent - within "CAPS"	<u>3,179,861.00</u>	<u>3,179,861.00</u>	<u>3,020,097.60</u>	<u>71,648.25</u>	<u>88,115.15</u>	
Detail:						
Salaries and Wages	1,633,202.00	1,583,568.36	1,577,896.55		5,671.81	
Other Expenses	1,546,659.00	1,596,292.64	1,442,201.05	71,648.25	82,443.34	
Deferred Charges and Statutory Expenditures -						
Municipal - Within "CAPS":						
STATUTORY EXPENDITURES:						
Contribution to:						
Public Employees Retirement System	49,287.00	49,287.00	49,287.00			
Social Security System (O.A.S.I.)	131,333.00	131,333.00	129,313.52		2,019.48	
Police and Firemen's Retirement System	191,917.00	191,917.00	191,917.00			
Unemployment Compensation Insurance	2,500.00	2,500.00	886.40		1,613.60	
Defined Contribution Retirement Fund	3,100.00	3,100.00	2,702.43		397.57	
Total Deferred Charges and Statutory Expenditures -						
Municipal Within "CAPS"	<u>378,137.00</u>	<u>378,137.00</u>	<u>374,106.35</u>		<u>4,030.65</u>	
Total General Appropriations -						
For Municipal Purposes Within "CAPS"	<u>3,557,998.00</u>	<u>3,557,998.00</u>	<u>3,394,203.95</u>	<u>71,648.25</u>	<u>92,145.80</u>	

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Operations Excluded from "CAPS":						
Shared Service Agreements:						
Municipal Court						
Salaries and Wages	\$ 31,706.00	\$ 31,706.00	\$ -	\$ -	\$ 31,706.00	\$ -
Emergency Medical Services - Medford Township	10,000.00	10,000.00			10,000.00	
Public and Private Programs Offset By Revenues:						
Recycling Tonnage	5,292.21	5,292.21	5,292.21			
Clean Communities Program (C.159 \$10,550.20)		10,550.20	10,550.20			
Drunk Driving Enforcement Fund	12,506.15	12,506.15	12,506.15			
Municipal Alliance Against Alcoholism & Drug Abuse	4,803.35	4,803.35	4,803.35			
Body Armor	1,339.35	1,339.35	1,339.35			
Total Operations - Excluded From "CAPS"	65,647.06	76,197.26	34,491.26		41,706.00	
Detail:						
Salaries and Wages	31,706.00	31,706.00			31,706.00	
Other Expenses	33,941.06	44,491.26	34,491.26		10,000.00	
Capital Improvements - Excluded From "CAPS"						
Capital Improvement Fund	40,000.00	40,000.00	40,000.00		-	
Total Capital Improvements - Excluded From "CAPS"	40,000.00	40,000.00	40,000.00			
Municipal Debt Service - Excluded From "CAPS"						
Payment of Bond Anticipation Notes & Capital Notes	100,000.00	100,000.00	100,000.00			
Loan Repayment - Principal	478,392.99	478,392.99	478,392.99			
Loan Repayment - Interest	70,216.10	70,216.10	70,216.10		-	
Total Municipal Debt Service - Excluded From "CAPS"	648,609.09	648,609.09	648,609.09			

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
Deferred Charges - Municipal - Excluded From "CAPS"						
Special Emergency Authorizations	\$ 30,000.00	\$ 30,000.00	\$ 30,000.00	\$ -		\$ -
Total Deferred Charges - Municipal - Excluded From "CAPS"	<u>30,000.00</u>	<u>30,000.00</u>	<u>30,000.00</u>			
Total General Appropriations for Municipal Purposes Excluded From "CAPS"	<u>784,256.15</u>	<u>794,806.35</u>	<u>753,100.35</u>	<u>-</u>	<u>41,706.00</u>	<u>-</u>
Subtotal General Appropriations	4,342,254.15	4,352,804.35	4,147,304.30	71,648.25	133,851.80	
Reserve for Uncollected Taxes	<u>504,476.66</u>	<u>504,476.66</u>	<u>504,476.66</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 4,846,730.81</u>	<u>\$ 4,857,281.01</u>	<u>\$ 4,651,780.96</u>	<u>\$ 71,648.25</u>	<u>\$ 133,851.80</u>	<u>\$ -</u>
Analysis of Budget After Modification:						
Original Budget		\$ 4,846,730.81				
Emergency Appropriation		-				
Appropriation by 40A: 4-87		<u>10,550.20</u>				
Total		<u>\$ 4,857,281.01</u>				
Analysis of Expended - Paid or Charged:						
Reserve for Federal and State Grants		\$ 34,491.26				
Deferred Charges - Special Emergency		30,000.00				
Due to Other Trust Fund		5,000.00				
Due to General Capital Fund		40,000.00				
Payment Bond Anticipation Note		100,000.00				
Reserve for Uncollected Taxes		504,476.66				
Disbursed		<u>3,937,813.04</u>				
Total		<u>\$ 4,651,780.96</u>				

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

EXHIBIT B

TRUST FUND

Statement of Assets, Liabilities, Reserves, and Fund Balance - Regulatory Basis
December 31, 2020 and 2019

<u>ASSETS</u>	Reference	2020	2019
Animal Control Fund:			
Cash - Treasurer	B-1	\$ 3,051.18	\$ 2,428.05
Other Funds:			
Cash - Treasurer	B-1	83,024.79	80,585.69
Due from Current Fund	A	<u>23,018.00</u>	<u>9,018.00</u>
Total Other Funds		106,042.79	89,603.69
Total		<u>\$ 109,093.97</u>	<u>\$ 92,031.74</u>
 <u>LIABILITIES AND RESERVES</u>			
Animal Control Fund:			
Due to State Department of Health		\$ -	\$ -
Reserve for Animal Control Fund Expenditures	B-2	<u>3,051.18</u>	<u>2,428.05</u>
Total Animal Control Fund		<u>3,051.18</u>	<u>2,428.05</u>
Other Funds:			
Due to Current Fund	A	27,867.75	20,656.34
Due to Sewer Capital Fund	D	3,500.00	3,500.00
Payroll Deductions Payable	B-3	12,339.61	13,995.66
Reserve for Planning and Zoning Escrow Deposits	B-4	2,608.15	2,608.15
Reserve for Unemployment Compensation Trust	B-5	5,237.40	6,311.86
Reserve for Public Defender Fund	B-6	4,799.92	4,649.92
Reserve for Compensated Absences	B-7	23,000.00	9,000.00
Reserve for Special Law Enforcement Fund	B-8	197.64	197.64
Reserve for Street Opening Deposits	B-9	26,474.32	28,563.32
Reserve for EMS	B-10	-	102.80
Reserve for Health Care	B-11	-	-
Reserve for POAA	B-12	18.00	18.00
Total Other Funds		<u>106,042.79</u>	<u>89,603.69</u>
Total		<u>\$ 109,093.97</u>	<u>\$ 92,031.74</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2020 and 2019

	Reference	2020	2019
<u>ASSETS</u>			
Cash	C-2	\$ 638,513.77	\$ 634,302.38
State Aid Receivable		367,066.50	295,618.25
Deferred Charges to Future Taxation:			
Funded	C-4	3,151,415.32	3,629,808.31
Unfunded	C-5	3,616,124.84	3,293,049.84
Due from Federal & State Grant Fund	A	-	222,854.75
Total		<u>\$ 7,773,120.43</u>	<u>\$ 8,075,633.53</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Bond Anticipation Notes Payable	C-6	\$ 1,472,477.00	\$ 1,004,000.00
EDA Loan Payable	C-7	3,151,415.32	3,629,808.31
Improvement Authorizations:			
Funded	C-8	351,909.25	839,550.28
Unfunded	C-8	1,391,086.09	1,587,708.75
Encumbrances Payable	C-8	754,272.67	152,569.23
Due to Current Fund	A	123,903.54	173,515.40
Due to Sewer Utility Fund	D	2,450.33	2,450.33
Reserve for Payment of Debt Service Costs	C-3	501,405.58	666,405.58
Capital Improvement Fund	C-9	11,560.76	6,985.76
Fund Balance	C-1	12,639.89	12,639.89
Total		<u>\$ 7,773,120.43</u>	<u>\$ 8,075,633.53</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Year Ended December 31, 2020**

Balance December 31, 2020 and 2019	\$ <u>12,639.89</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2020 and 2019

	Reference	2020	2019
<u>ASSETS</u>			
Operating Fund:			
Cash - Treasurer	D-5	\$ 1,693,658.07	\$ 1,828,555.14
Investment - Bond Anticipation Note	D-16	400,000.00	-
Due from Current Fund	A	757.90	757.90
Due from General Capital Fund	C	2,450.33	2,450.33
Due from Sewer Utility Capital Fund	D	11,175.12	10,738.85
Receivables with Full Reserves:			
Sewer Service Charges Receivable	D-7	93,770.87	95,788.80
Sewer Service Lien Receivable	D-8	<u>11,353.30</u>	<u>10,653.30</u>
Total Operating Fund		<u>2,213,165.59</u>	<u>1,948,944.32</u>
Capital Fund:			
Cash - Treasurer	D-5	447,924.80	104,831.85
Fixed Capital	D-9	5,533,651.24	5,533,651.24
Fixed Capital Authorized & Uncompleted	D-10	10,728,515.00	10,728,515.00
Due from Trust Fund	B	<u>3,500.00</u>	<u>3,500.00</u>
Total Capital Fund		<u>16,713,591.04</u>	<u>16,370,498.09</u>
Total		<u>\$ 18,926,756.63</u>	<u>\$ 18,319,442.41</u>

(Continued)

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING AND CAPITAL FUND

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2020 and 2019

	Reference	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Due to Current Fund	A	\$ 83,599.49	\$ 24,364.80
Appropriation Reserves	D-4	204,947.88	168,466.52
Encumbrances Payable	D-4	57,873.49	124,851.30
Prepaid Sewer Service Charges	D-5	73,753.86	61,158.80
Sewer Rent Overpayments		<u>4,547.16</u>	<u>2,197.86</u>
Total		424,721.88	381,039.28
Reserve for Receivables	D	105,124.17	106,442.10
Fund Balance	D-1	<u>1,683,319.54</u>	<u>1,461,462.94</u>
Total Operating Fund		<u>2,213,165.59</u>	<u>1,948,944.32</u>
Capital Fund:			
Encumbrances Payable	D-13	717,054.50	392,469.63
Accounts Payable		12,552.19	12,552.19
Bond Anticipation Notes Payable	D-16	400,000.00	-
Due to Current Fund	A	14,800.00	14,800.00
Due to Sewer Utility Operating Fund	D	11,175.12	10,738.85
Improvement Authorization			
Funded	D-13	29,511.24	46,354.93
Unfunded	D-13	9,103,659.47	9,468,743.97
Reserve for Amortization	D-14	5,533,651.24	5,533,651.24
Deferred Reserve for Amortization	D-15	873,004.57	873,004.57
Reserve for Debt		1,072.96	1,072.96
Capital Improvement Fund	D-12	3,458.25	3,458.25
Capital Fund Balance	D-2	<u>13,651.50</u>	<u>13,651.50</u>
Total Capital Fund		<u>16,713,591.04</u>	<u>16,370,498.09</u>
Total		<u>\$ 18,926,756.63</u>	<u>\$ 18,319,442.41</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Operations and Changes in Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenue and Other Income Realized:		
Fund Balance Utilized	\$ -	\$ 212,800.00
Sewer Service Charges	1,253,852.47	1,271,423.24
Miscellaneous	39,140.48	56,148.56
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	<u>126,932.65</u>	<u>34,360.63</u>
 Total Revenues	 <u>1,419,925.60</u>	 <u>1,574,732.43</u>
 Expenditures:		
Operating	1,121,819.00	1,094,500.00
Debt Service	151,200.00	151,200.00
Deferred Charges and Statutory Expenditures	76,250.00	155,850.00
Prior Year Overpayment Created	<u>9,137.00</u>	
 Total Expenditures	 <u>1,198,069.00</u>	 <u>1,410,687.00</u>
 Excess in Revenues	 221,856.60	 164,045.43
Adjustment to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	<u>221,856.60</u>	<u>164,045.43</u>
Statutory Excess to Fund Balance	1,461,462.94	1,510,217.51
Fund Balance January 1	<u>1,683,319.54</u>	<u>1,674,262.94</u>
Decreased by Utilization by Sewer Utility Operating Budget	<u>212,800.00</u>	
 Fund Balance Balance December 31	 <u>\$ 1,683,319.54</u>	 <u>\$ 1,461,462.94</u>

The accompanying Notes to the Financial Statements is an integral part of this statement.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

**Statement of Fund Balance -- Regulatory Basis
For the Years Ended December 31, 2020 and 2019**

Balance December 31, 2020 and 2019	<u>\$ 13,651.50</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Revenues -- Regulatory Basis
For the Year Ended December 31, 2020

	Anticipated	Realized	Excess (Deficit)
Fund Balance	\$ -	\$ -	\$ -
Sewer Service Charges	<u>1,198,069.00</u>	<u>1,253,852.47</u>	<u>55,783.47</u>
Total	1,198,069.00	1,253,852.47	55,783.47
Miscellaneous		<u>39,140.48</u>	<u>39,140.48</u>
Total	<u>\$ 1,198,069.00</u>	<u>\$ 1,292,992.95</u>	<u>\$ 94,923.95</u>

Analysis of Realized Revenues

Sewer Service Charges:

Consumer Accounts Receivable:

Collections - 2020	\$ 1,253,852.47
Lien Collections	<u>-</u>
Total	<u>\$ 1,253,852.47</u>

Miscellaneous:

Sewer Late Fee Charges	\$ 21,117.58
Interest Earned on Investments	10,147.90
Connection Fees	5,500.00
Sump Pump Fees	<u>2,375.00</u>
Total	<u>\$ 39,140.48</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Expenditures -- Regulatory Basis
For the Year Ended December 31, 2020

	Appropriations		Expended			Unexpended Balance Canceled
	Budget	Budget After Modification	Paid or Charged	Encumbrances Payable	Reserved	
Operating:						
Salaries and Wages	\$ 404,000.00	\$ 404,000.00	\$ 402,704.53	\$ -	\$ 1,295.47	\$ -
Other Expenses	717,819.00	717,819.00	462,435.70	57,873.49	197,509.81	
Deferred Charges						
Emergency Authorizations	-	-				-
Statutory Expenditures:						
Public Employees Retirement System	38,000.00	38,000.00	38,000.00			-
Social Security System	33,250.00	33,250.00	31,264.20		1,985.80	
Defined Contribution Retirement	2,000.00	2,000.00	661.23		1,338.77	
Unemployment Compensation					-	
Insurance (NJSA 43:21-3 et. seq.)	3,000.00	3,000.00	181.97		2,818.03	
Total	<u>\$ 1,198,069.00</u>	<u>\$ 1,198,069.00</u>	<u>\$ 935,247.63</u>	<u>\$ 57,873.49</u>	<u>\$ 204,947.88</u>	<u>\$ -</u>
Original Budget		\$ 1,198,069.00				
		<u><u>\$ 1,198,069.00</u></u>				

Analysis of Paid or Charged:

Cash Disbursed	\$ 885,766.79
Due to Current Fund	<u>49,480.84</u>
Total	<u><u>\$ 935,247.63</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF MEDFORD LAKES

ACCOUNT GROUP

Statement of General Fixed Assets Group of Accounts
For the Year Ended December 31, 2020

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020
General Fixed Assets:				
Buildings	\$ 6,760,034.09	\$ -	\$ -	\$ 6,760,034.09
Improvements Other Than to Buildings	170,444.15	-	-	170,444.15
Furniture and Equipment	229,812.28	16,843.69	-	246,655.97
Vehicles and Equipment	3,465,653.99	74,672.30	-	3,540,326.29
Total General Fixed Assets	<u>\$ 10,625,944.51</u>	<u>\$ 91,515.99</u>	<u>\$ -</u>	<u>\$ 10,717,460.50</u>
 Total Investment in General Fixed Assets	 <u>\$ 10,625,944.51</u>	 <u>\$ 91,515.99</u>	 <u>\$ -</u>	 <u>\$ 10,717,460.50</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Borough of Medford Lakes (hereafter referred to as the "Borough") is located in the western portion of the County of Burlington, State of New Jersey. The present population according to the 2020 census is 3,911.

The Borough was incorporated in 1939 and operates under the provisions of the Municipal Manager's Act of Chapter 113 of the 1923 Laws of New Jersey, as amended. Under this act the Borough is governed by a five-member Borough Council. At least one councilmember is elected every two years to a four-year term. At its reorganization, the council selects a mayor and appoints a professionally qualified Manager. The Council is the legislative body of the Borough, while the Mayor acts as the Chief Executive Officer. The Borough Manager monitors the daily administrative and financial responsibilities, including but not limited to, staffing and personnel issues and budget preparation and implementation.

Component Units - GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the Borough is not includable in any other reporting entity on the basis of such criteria.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the "Requirements" 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds which are described as follows.

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

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

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting - The Borough must adopt an annual budget for its current and sewer utility funds in accordance with N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the Borough. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

Inventories of Supplies - 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 statements of assets, liabilities, reserves and fund balances.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000 the maximum amount allowed by the Circular.

General Fixed Assets (Continued) - Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid.

Public domain ("infrastructure") general fixed assets consisting of certain improvements, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft. No depreciation of general fixed assets is recorded.

Utility Fixed Assets - Property and equipment purchased by a utility fund are recorded in the utility capital account at cost and are adjusted for dispositions and abandonment. The amounts shown do not represent replacement cost or current value. The Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represent charges to operations for the cost of acquisition of property, equipment and improvements and contributed capital. Depreciation is not recorded on these fixed assets.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the Borough until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the Current Fund and Utility Operating Fund represent amounts available for anticipation as revenue in future years' budgets, with certain restrictions.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation and sick leave are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Borough's annual budget, but also the amounts required in support of the budgets of the Medford Lakes Borough School District, the Lenape Regional High School and the County of Burlington. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Borough is responsible for levying, collecting and remitting school taxes for the Medford Lakes Borough School District and the Lenape Regional High School District. Operations is charged for the full amount required to be raised from taxation to operate the school district for the period from July 1 to June 30, increased by the amount deferred at December 31, 2019 and decreased by the amount deferred at December 31, 2020.

County Taxes - The Borough is responsible for levying, collecting and remitting county taxes for the County of Burlington. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Borough's annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed in accordance with N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal payments on outstanding general capital and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; whereas interest on utility indebtedness is on the accrual basis.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt - Long-Term Debt, relative to the acquisition of capital assets, is recorded as a liability in the General Capital and Utility Capital Funds. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

Interest on Delinquent Taxes - It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Comparative Data - Comparative total data for the prior year have been presented in the accompanying statements of assets, liabilities, reserves and fund balance and statement of operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits - Custodial credit risk refers to the risk that, in the event of a bank failure, the Municipality's deposits may not be recovered. Although the Municipality does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Municipality relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized. Of the Municipality's amount on deposit of \$8,480,012 as of December 31, 2020, \$250,000 was insured under FDIC and the remaining balance of \$8,230,012 was collateralized under GUDPA.

NOTE 3. INVESTMENTS

New Jersey municipalities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipalities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations approved by the Division of Investment in the Department of Treasury for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the repurchase of fully collateralized securities with certain provisions. The Borough has no investment policy that would further limit its investment choices.

Custodial Credit Risk Related to Investments - For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Borough will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Borough, and are held by either the counterparty or the counterparty's trust department or agent but not in the Borough's name.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 3. INVESTMENTS (Continued)

As of December 31, 2020, the Borough held the following investments bearing a zero rate of interest:

<u>Investment</u>	<u>Maturities</u>	<u>Credit Rating</u>	<u>Fair Value</u>
<u>Current Fund:</u>			
Bond Anticipation Note	October 14, 2021	N/A	\$ 904,000
Bond Anticipation Note	September 22, 2021	N/A	568,477
			<u><u>\$ 1,472,477</u></u>
<u>Sewer Utility Fund:</u>			
Bond Anticipation Note	December 15, 2021	N/A	<u><u>\$ 400,000</u></u>

NOTE 4. PROPERTY TAXES

The following is a comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years ending December 31.

<u>Comparative Schedule of Tax Rates</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Tax Rate without Business					
Improvement District Tax Rate	<u><u>\$ 3.330</u></u>	<u><u>\$ 3.324</u></u>	<u><u>\$ 3.240</u></u>	<u><u>\$ 3.094</u></u>	<u><u>\$ 3.017</u></u>

Apportionment of Tax Rate:

Municipal	\$ 0.671	\$ 0.651	\$ 0.647	\$ 0.636	\$ 0.617
County	0.435	0.426	0.420	0.411	0.408
Local School	1.483	1.495	1.470	1.416	1.390
Regional High School Tax	0.741	0.752	0.703	0.631	0.602

Assessed Valuation

2020	\$ 450,375,072
2019	449,313,642
2018	449,861,997
2017	449,676,490
2016	449,787,093

Comparison of Tax Levies and Collections

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2020	\$ 15,014,984	\$ 14,847,676	98.89%
2019	14,971,535	14,786,847	98.77%
2018	14,603,241	14,303,260	97.95%
2017	13,957,648	13,656,837	97.84%
2016	13,596,671	13,391,160	98.49%

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 4. PROPERTY TAXES (Continued)

Year	Tax Title Liens	Delinquent Taxes	Total Delinquent	Percentage of Tax Levy
2020	\$ 40,078	\$ 174,649	\$ 214,727	1.43%
2019	35,043	207,514	242,557	1.62%
2018	30,017	260,162	290,179	1.99%
2017	123,659	309,344	433,003	3.10%
2016	112,591	205,893	318,484	2.34%

The following comparison is made of the number of tax title liens receivable on December 31, of the current year and previous four years.

Year	Number
2020	1
2019	1
2018	1
2017	2
2016	2

NOTE 5. SEWER UTILITY SERVICE CHARGES

The following is a five-year comparison of sewer utility service charges (rents) and collections for the current and previous four years.

Year	Balance Beginning of Year			Cash		
	Receivables	Liens	Levy	Total	Collections	Percentage
2020	\$ 95,789	\$ 10,653	\$ 1,252,535	\$ 1,358,977	\$ 1,190,496	87.60%
2019	118,914	9,253	1,251,828	1,379,995	1,216,796	88.17%
2018	127,601	18,740	1,252,164	1,398,505	1,254,426	89.70%
2017	122,822	16,640	1,247,541	1,387,003	1,239,078	89.33%
2016	128,832	5,053	1,256,749	1,390,634	1,255,125	90.26%

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 6. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<u>Current Fund</u>			
2020	\$ 1,332,527	\$ 875,000	65.66%
2019	1,389,868	875,000	62.96%
2018	1,187,672	775,000	65.25%
2017	1,337,631	775,000	57.94%
2016	1,569,611	970,500	61.83%
 <u>Sewer Utility Fund</u>			
2020	\$ 1,683,320	\$ 194,800	11.57%
2019	1,461,463	-	0.00%
2018	1,510,218	212,800	14.09%
2017	1,328,589	212,800	16.02%
2016	1,220,480	212,800	17.44%

NOTE 7. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balances as of December 31, 2020:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Current Fund	\$ 250,171	\$ 68,466
Federal & State Grant Fund	44,690	-
Trust Fund:		
Other Trust Funds	23,018	31,368
General Capital Fund	-	126,354
Sewer Utility Fund	14,383	83,599
Sewer Utility Capital Fund	<u>3,500</u>	<u>25,975</u>
	<u><u>\$ 335,762</u></u>	<u><u>\$ 335,762</u></u>

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS

Substantially all of the Borough's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Police and Firemen's Retirement System (PFRS), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to or at the following website: the State of New Jersey, Division of Pensions and Benefits. P.O. Box 295, Trenton, New Jersey, 08625-0295, <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

Police and Firemen's Retirement System (PFRS)

Plan Description - The Police and Firemen's Retirement System is a cost sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944. The PFRS provides retirement, death and disability, and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Borough.

Vesting and Benefit Provisions – The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

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

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions - The contribution requirements of plan members are determined by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to record in the government-wide financial statements or to disclose in the notes to the financial statements of the local participating employer related to this legislation.

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

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

The Borough's contractually required contribution rate for the year ended December 31, 2020 was 29.03% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PFRS measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2020 is \$218,259 and is payable by April 1, 2021. Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for this amount.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Borough, for the year ended December 31, 2020 was 4.01% of the Borough's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2020 is \$218,259 and is payable by April 1, 2021. Based on the PFRS measurement date of June 30, 2019, the State's contractually required contribution, on-behalf of the Borough, to the pension plan for the year ended December 31, 2019 was \$191,917, which was paid on April 1, 2020.

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Employer Retro	Total Liability Paid by District
2020	\$ 61,792	\$ 121,282	\$ 8,843	\$ -	\$ 191,917
2019	56,899	117,495	6,886	-	181,280
2018	49,922	103,924	6,478	-	160,324

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PFRS and additions to/deductions from PFRS fiduciary net position have been determined on the same basis as they are reported by PFRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended December 31, 2020, the Borough's proportionate share of pension expense is \$44,400. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1.

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

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

At December 31, 2020, the Borough proportionate share of the net pension liability is \$2,524,407 and deferred outflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,450	\$ 9,060
Changes of assumptions	6,353	676,778
Net Difference between projected and actual earnings on pension plan investments	148,018	
Changes in proportion	327,708	
Borough contributions subsequent to the measurement date	218,259	
Total	\$ 725,788	\$ 685,838

\$218,259 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2021	\$ (19,050)
2022	(34,825)
2023	(106,313)
2024	(47,835)
2025	29,714
Total	\$ (178,309)

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

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

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2015	-	5.53
June 30, 2016	-	5.58
June 30, 2017	5.59	
June 30, 2018	5.73	
June 30, 2019	-	5.92
June 30, 2020	5.90	
Changes of assumptions		
June 30, 2014	6.17	-
June 30, 2015	5.53	-
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
Differences between projected and actual investment earnings on pension plan investments		
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-

Additional Information

Collective balances at June 30, 2020 and 2019 are as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 1,601,195,880	\$ 1,198,936,924
Collective deferred inflows of resources	\$ 4,191,274,402	\$ 4,874,748,912
Collective net pension liability	\$ 14,926,648,722	\$ 14,170,193,618
Borough's Proportion	.0195367610%	.0189996028%

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

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

Actuarial assumptions – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 – 15.25%
	based on years of service
Investment Rate of Return:	7.00%

Additional Information

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and a 102.5% adjustment for females, and with future improvement from base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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.

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

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

Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for 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.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's and State's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Borough's proportionate share of the net pension liability	\$ 3,356,942	\$ 2,524,407	\$ 1,832,923
State's proportionate share of the net pension liability associated with the Borough	<u>455,555</u>	<u>391,776</u>	<u>338,814</u>
	<u><u>\$ 3,812,497</u></u>	<u><u>\$ 2,916,183</u></u>	<u><u>\$ 2,171,737</u></u>

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Borough, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS. For additional information about PERS, please refer to Division's annual financial statements, which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

Vesting and Benefit Provisions – 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 medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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 tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, 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 their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2020. Employers' contribution amounts are based on an actuarially determined rate. The Authority's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Borough's contractually required contribution rate for the year ended December 31, 2020 was 9.98% of the Borough's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2020, the Borough's contractually required contribution to the pension plan for the fiscal year ended December 31, 2020 was \$71,224 and is payable by April 1, 2021. Based on the PERS measurement date of June 30, 2019, the Borough's contractually required contribution to the pension plan for the year ended December 31, 2019 was \$86,979, which was paid by April 1, 2020. Employee contributions to the pension plan during the year ended December 31, 2020 were \$65,243.

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

The Borough is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Long Term Disability	Total Liability Paid by District
2020	\$ 8,021	\$ 74,226	\$ 4,432	\$ 608	\$ 87,287
2019	11,836	78,573	4,307	891	95,607
2018	11,129	69,303	4,121	1,834	86,387

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At December 31, 2020, the Borough's proportionate share of the PERS net pension liability was \$1,455,807. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The Borough's 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 employers, actuarially determined.

For the year ended December 31, 2020, the Borough's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2019 measurement date is \$29,008. This expense is not recognized by the Borough because of the regulatory basis of accounting as described in note 1.

At December 31, 2020, the Borough proportionate share of the PERS net pension liability was \$1,455,807 and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 26,508	\$ 5,148
Changes of assumptions	47,228	609,500
Net Difference between projected and actual earnings on pension plan investments	49,761	
Changes in proportion	44,570	118,020
Borough contributions subsequent to the measurement date	71,224	
Total	\$ 239,291	\$ 732,668

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

\$71,224 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2021	\$ (93,153)
2022	(206,887)
2023	(153,361)
2024	(103,308)
2025	(7,892)
Total	\$ (564,601)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	-
June 30, 2020	5.16	-
Changes of assumptions		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Differences between projected and actual investment earnings on pension plan investments		
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2020 and 2019 are as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 2,347,583,337	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 7,849,949,467	\$ 7,645,087,574
Collective net pension liability	\$ 16,435,616,426	\$ 18,143,832,135
Borough's Proportion	.0065107206%	.0089111253%

Actuarial assumptions – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

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

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%

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 table 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 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-2020.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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.

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2020. 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 nonemployer contributing entity will be made based on 78% 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 all projected benefit payments to determining the total pension liability.

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate. The following presents the Borough's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, as well as what the Borough's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's proportionate share of the net pension liability	\$ 1,832,618	\$ 1,455,807	\$ 1,136,072

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Prudential Financial on behalf of the Divisions of Pensions and Benefits. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 8. PENSION PLANS (CONTINUED)

Defined Contribution Retirement Program (DCRP)

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Borough's contribution for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

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

Fiscal Year	Total Liability	Paid by Borough
2020	\$ 3,364	\$ 3,364
2019	3,430	3,430
2018	2,559	2,559

Related Party Investments – The Division of Pensions and Benefits does not invest in securities issued by the Borough.

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pension's reporting on GASBS No. 75, *Accounting for Postemployment Benefits other than Pensions*. As of the date of this report, the information for the measurement period ended June 30, 2020, was not available; therefore, the information from the measurement period ended June 30, 2019, is disclosed below.

The Borough does not provide postemployment health care benefits as part of the State Health Benefits Local Government Retired Employment Plan. However, benefits are provided as described below:

Special Funding Situation PFRS

Under N.J.S.A. 43:3C-24 the Borough is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

The amounts contributed on behalf of the Borough by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the Borough's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

At December 31, 2019 and 2018, the State's proportionate share of the net OPEB liability attributable to the Borough for the OPEB special funding situation is \$2,224,212 and \$2,624,107 respectively. For the years ended December 31, 2019 and 2018 the plan has determined the State's proportionate share of the OPEB expense attributable to the Borough for the OPEB special funding situation is \$29,482 and \$79,435 respectively. The State's proportionate share attributable to the Borough was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

NOTE 10. COMPENSATED ABSENCES

Borough employees are entitled to sick leave, personal days and vacation days each year in varying amounts as outlined in the employee handbook. Unused sick leave may be accumulated and carried forward to the subsequent year. Personal days cannot be carried forward to the subsequent year. Vacation days are earned based on years of service. Unused vacation days may not be carried forward to the subsequent year unless specifically approved by Council. Vacations days carried forward must be used in the next succeeding year or be forfeited.

Police officers, regardless of the number of years serving the Borough and upon retirement from the Borough, will be compensated for any accumulated unused sick leave at 100% of their final pay. The maximum benefit payable under this provision shall be limited to a maximum of seventy-five thousand dollars (\$75,000).

All other Borough employees do not receive compensation for any accumulated unused sick leave.

The Borough does not record accrued expenses related to compensated absences. However, it is estimated that, at December 31, 2020, accrued benefits for compensated absences are valued at \$415,732.

The Borough has established a Compensated Absences Trust Fund to set aside funds for the future payments of compensated absences. At December 31, 2020, the balance of the fund is \$23,000.

NOTE 11. DEFERRED COMPENSATION SALARY ACCOUNT

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and which have been approved by the Director of the Division of Local Government Services. The plan, available to all full-time employees at their option, permits them to defer a portion of their salary to future years. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and not be accessible by the Borough or its creditors. Since the Borough does not have a fiduciary relationship with the Plan, the balances and activities of the Plan are not reported in the Borough's financial statements.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 12. JOINT INSURANCE POOL

The Borough is a member of the Camden County Municipal Joint Insurance Fund. The Fund provides its members with the following coverage:

Public Employees Bond
Public Official Bonds
Business Automobile
Workers' Compensation and Employer's Liability
Environmental Liability
Property Damage

Annual contributions to the Fund, including a reserve for contingencies, are payable in two installments and are based on actuarial assumptions determined by the Fund's actuary. The Commissioner of Insurance may order additional assessments to supplement the Fund's claim, loss retention or administrative accounts to assure the payment of the Fund's obligations.

The Fund publishes its own financial report which can be obtained by writing to: Camden County Municipal Joint Insurance Fund, 9 Campus Drive, Suite 16, Parsippany, New Jersey, 07054.

NOTE 13. NEW JERSEY UNEMPLOYMENT COMPENSATION INSURANCE

The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Borough is billed quarterly for amounts due to the State.

The following is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Borough's trust fund for the current and previous two years:

Fiscal Year	Borough Contributions	Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2020	\$ -	\$ 16	\$ 3,206	\$ 4,297	\$ 5,237
2019	-	52	3,305	5,225	6,312
2018	-	35	3,099	480	8,180

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 14. CAPITAL DEBT

Summary of Municipal Debt

	Year 2020	Year 2019	Year 2018
<u>Issued:</u>			
General Bonds and Notes	\$ 1,472,477	\$ 1,004,000	\$ -
Sewer Utility Bonds and Notes	400,000	-	151,200
Loans	<u>3,151,415</u>	<u>3,629,808</u>	<u>4,098,775</u>
Total Issued	<u>5,023,892</u>	<u>4,633,808</u>	<u>4,249,975</u>
<u>Authorized But Not Issued:</u>			
General Bonds and Notes	2,143,648	2,289,050	2,101,202
Sewer Utility Bonds and Notes	<u>9,455,510</u>	<u>9,855,510</u>	<u>420,895</u>
Net Debt	<u><u>\$ 16,623,050</u></u>	<u><u>\$ 16,778,368</u></u>	<u><u>\$ 6,772,072</u></u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.734%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 3,589,000	\$ 3,589,000	\$ -
Regional School District Debt	1,118,229	1,118,229	\$ -
Sewer Utility Debt	9,855,510	9,855,510	\$ -
General Debt	<u>6,767,540</u>	<u>3,151,415</u>	<u>\$ 3,616,125</u>
Total	<u><u>\$ 21,330,279</u></u>	<u><u>\$ 17,714,154</u></u>	<u><u>\$ 3,616,125</u></u>

Net Debt, \$3,616,125 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$492,419,822 equals 0.734%.

Equalized Valuation Basis:

2018	\$ 479,875,107
2019	493,841,619
2020	<u>503,542,739</u>
Average	<u><u>\$ 492,419,822</u></u>

Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020

NOTE 14. CAPITAL DEBT (CONTINUED)

Borrowing Power Under N.J.S.A. 40A:2-6

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 17,234,694
Net Debt	<u>3,616,125</u>
Remaining Borrowing Power	<u><u>\$ 13,618,569</u></u>

**Calculation of "Self-Liquidating Purpose"
Sewer Utility Per N.J.S.A. 40A:2-45**

Cash Receipts from Fees, Rents or Other Charges for the Year	\$ 1,292,557
Deductions:	
Operating and Maintenance Costs	\$ 1,198,069
Debt Service Costs	<u>-</u>
	<u><u>1,198,069</u></u>
Total Excess in Revenues	<u><u>\$ 94,488</u></u>

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

NJDEP Loan Payable

The Borough received three (3) loan proceeds totaling \$8,831,864 from the State of New Jersey Department of Environmental Protection Loan Program. The loans have a stated interest rate of 2.00% with a final maturity on December 15, 2033. As of December 31, 2020, the balance payable amounts to \$3,151,415.

Future principal and interest payments are as follows:

Year	Principal	Interest	Total
2021	\$ 488,009	\$ 60,600	\$ 548,609
2022	497,817	50,792	548,609
2023	507,824	40,785	548,609
2024	518,031	30,578	548,609
2025	528,443	20,166	548,609
2026-2030	579,101	13,942	593,043
2031-2033	<u>32,190</u>	<u>1,136</u>	<u>33,326</u>
Total	<u>\$ 3,151,415</u>	<u>\$ 217,999</u>	<u>\$ 3,369,414</u>

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 14. CAPITAL DEBT (CONTINUED)

Bond Anticipation Notes Payable

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 from the date of issuance however, the Notes may be renewed from time to time for a period not to exceed one year. Generally, such Notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original Notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original Note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such Notes were issued 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.

As of December 31, 2020, the Borough had the following outstanding bond anticipation notes.

Fund	Amount Outstanding	Interest Rate	Maturity Date
General Capital	\$ 904,000	(1)	October 14, 2021
General Capital	568,477	(1)	September 22, 2021
Sewer Capital	<u>400,000</u>	(1)	December 15, 2021
 Total	 <u>\$ 1,872,477</u>		

(1) There is no interest rate as the Current Fund of the Borough holds these notes as an investment. See Note 3.

NOTE 15. SCHOOL TAXES

Local District School Tax has been raised and liabilities deferred by statute, resulting in the school taxes payable set forth in the Current Fund Liabilities as follows:

	Local District School Tax		Regional High School Tax	
	Balance December 31, 2020	2019	Balance December 31, 2020	2019
Balance of Tax	\$ 3,006,348	\$ 3,025,158	\$ 2,003,343	\$ 2,023,003
Deferred	<u>516,690</u>	<u>516,690</u>	<u>291,812</u>	<u>291,811</u>
 School Tax Payable	 <u>\$ 2,489,658</u>	 <u>\$ 2,508,468</u>	 <u>\$ 1,711,531</u>	 <u>\$ 1,731,192</u>

NOTE 16. CONTINGENCIES

The Borough participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

**Borough of Medford Lakes
Notes to Financial Statements
December 31, 2020**

NOTE 17. GUARANTOR OF DEBT

On November 2, 2006 the Borough of Medford Lakes (Borough) approved a loan agreement with the State of New Jersey, Department of Environmental Protection (State) whereby, the Borough acts as a co-borrower with the State for a loan in an amount not to exceed \$2,245,000 to be made to the Medford Lakes Colony (Colony) a not-for-profit corporation located in the Borough. The terms of the agreement are such that the Borough agrees to complete the dredging and lake restoration project and to reimburse the State in accordance with the terms and conditions set forth in the loan agreement, in the event of a default on the part of the Colony. The dredging and lake restoration project has been completed by the Colony. The final loan amount borrowed by the Colony was \$2,171,451.50 and has a 2% interest rate with a maturity date of January 13, 2027. As of the date of this report the Colony has not defaulted on its loan obligation.

NOTE 19. SUBSEQUENT EVENTS

Subsequent to December 31, 2020, the Borough of Medford Lakes authorized additional Bonds and Notes as follows:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Various Capital Improvements	6/9/2021	\$ <u>304,047</u>

CURRENT FUND

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Cash - Treasurer
For the Year Ended December 31, 2020

	FEDERAL AND STATE <u>CURRENT FUND</u>	GRANT FUND
Balance December 31, 2019	\$ 5,165,985.11	\$ 289,384.07
Receipts:		
Taxes Receivable	\$ 14,896,719.49	\$ -
Tax Title Lien Receivable	-	
Prepaid 2021 Taxes	124,005.79	
Revenue Accounts Receivable	669,413.74	
Reserve for Leon Todd Memorial Park	250.00	
Reserve for Off Duty Police	72,565.78	
Reserve for Safety Award	2,500.00	
Tax Overpayments	29,857.63	
Due from State of New Jersey - Senior Citizens and Veterans Deductions	35,000.00	
Due to State of New Jersey:		
Marriage License Fees	175.00	
DCA Training Fees	3,978.00	
Federal and State Grants Receivable	-	24,395.70
Miscellaneous Revenue Not Anticipated	152,626.99	
Due from General Capital Fund	178,551.75	-
Contra	12,266.03	
Budget Refunds	<u>19,329.16</u>	
Total Receipts	<u>16,197,239.36</u>	<u>24,395.70</u>
Total Funds Available	<u>21,363,224.47</u>	<u>313,779.77</u>
Disbursements:		
2020 Appropriations	3,937,813.04	
County Taxes Payable	1,957,980.57	
Due to State of New Jersey:		
Marriage License Fees	200.00	
DCA Training Fees	4,357.00	
Local District School Tax	6,698,802.48	
Regional High School Tax	3,360,938.98	
2019 Appropriation Reserves and Reserve for Encumbrances	96,588.52	
Investment - Bond Anticipation Note	568,477.00	
Tax Overpayment Refunds	13,877.09	
Reserve for Off Duty Police	81,438.28	
Reserve for Leon Todd Memorial Park	82.50	
Reserve for Safety Award	1,540.11	
Reserve for Storm Damage	1,125.41	
Due to General Capital Fund	-	222,854.75
Due from Sewer Utility Fund	59,234.69	
Contra	12,266.03	
Budget Refunds	<u>19,329.16</u>	
Reserve for Federal and State Grant Funds:		
Appropriated	<u>66,783.20</u>	
Total Disbursements	<u>16,814,050.86</u>	<u>289,637.95</u>
Balance December 31, 2020	<u><u>\$ 4,549,173.61</u></u>	<u><u>\$ 24,141.82</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of Cash - Collector
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 66,497.32
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Receipts:

Third party Tax Title Liens	\$ 92,788.75
Tax Sale Premiums	34,900.00
Interest Earned on Bank Deposits	833.34
Total Funds Available	<u>128,522.09</u>
	195,019.41

Disbursements:

Third party Tax Title Liens	88,591.78
Refund of Tax Premiums Redeemed	<u>18,600.00</u>
	<u>107,191.78</u>

Balance December 31, 2020	<u>\$ 87,827.63</u>
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BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Taxes Receivable and Analysis of Property Tax Levy
For the Year Ended December 31, 2020

Year	Balance December 31,		Collections by Cash				State Share of Senior Citizen and Veterans Deductions Allowed	Transfer to Tax Title Liens	Overpayments		Balance December 31,	
	2019	Added Taxes	2020 Levy	2019	2020				Applied	Canceled	2020	2020
2013	\$ 1.44	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1.44	
2014	2.93										2.93	
2015	3.00										3.00	
2016	3.02										3.02	
2017	2.30										2.30	
2018	37,801.15					18,239.38						19,561.77
2019	169,699.75	750.00				169,102.72			1,343.71			3.32
	207,513.59	750.00				187,342.10			1,343.71			19,577.78
2020				15,014,983.88	99,541.64	14,709,377.39	33,750.00	5,034.96	5,007.04	7,201.26		155,071.59
Total	\$ 207,513.59	\$ 750.00	\$ 15,014,983.88	\$ 99,541.64	\$ 14,896,719.49	\$ 33,750.00	\$ 5,034.96	\$ 6,350.75	\$ 7,201.26		\$ 174,649.37	

ANALYSIS OF PROPERTY TAX LEVY

Tax Yield:	
General Purpose Tax	\$ 14,997,489.90
Added Taxes	17,493.98
Total	\$ 15,014,983.88

Tax Levy:	
Local District School Tax (Abstract)	\$ 6,679,992.00
Regional High School District Tax (Abstract)	3,341,278.00
County Taxes:	
County Tax (Abstract)	\$ 1,702,885.13
County Library Tax (Abstract)	151,345.62
County Open Space Tax (Abstract)	99,090.16
Amount Due County for Added Taxes (54:4-63.1 et.seq.)	2,284.63
Local Tax for Municipal Purposes	1,955,605.54
Additional Tax Levies	3,022,358.75
	15,749.59
Total	\$ 15,014,983.88

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Tax Title Liens
For the Year Ended December 31, 2020**

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Revenue Accounts Receivable
For the Year Ended December 31, 2020

	Balance December 31, 2019	Accrued in 2020	Collected	Balance December 31, 2020
Borough Clerk:				
Alcohol Licenses	\$ -	\$ 1,431.00	\$ 1,431.00	\$ -
Fees and Permits		39,317.33	39,317.33	-
Interest and Costs on Taxes		45,663.80	45,663.80	-
Construction Official - Fees and Permits		57,922.00	57,922.00	-
Energy Receipt Taxes		289,600.01	289,600.01	-
Municipal Court - Fines and Costs	3,701.47	31,872.22	33,043.99	2,529.70
Shared Service Court	20,677.95	31,706.00	52,383.95	-
Cell Tower Rental		150,051.66	150,051.66	-
Total	\$ 24,379.42	\$ 647,564.02	\$ 669,413.74	\$ 2,529.70

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2019 Appropriation Reserves
For The Year Ended December 31, 2020

	Balance December 31, 2019		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Salaries and Wages:					
Borough Clerk	\$ 8,573.20	\$ -	\$ 8,573.20	\$ -	\$ 8,573.20
Collection of Taxes	1,127.42	-	1,127.42		1,127.42
Historic Preservation Commission	325.00	-	325.00		325.00
Planning Board	410.51	-	410.51		410.51
Police	4,696.18	-	4,696.18		4,696.18
Office of Emergency Management	56.70	-	56.70		56.70
Solid Waste Collection	628.62	-	628.62		628.62
Public Buildings and Grounds	7,500.00	-	7,500.00		7,500.00
Construction Official	221.62	-	221.62		221.62
Zoning Code Enforcement	1.07	-	1.07		1.07
Accumulated Sick Leave Compensation	9,000.00	-	9,000.00	9,000.00	-
Municipal Court	3,985.30	-	3,985.30		3,985.30
Shared Service					
Municipal Court	24,777.50	-	24,777.50		24,777.50
Other Expenses:					
General Administration	2,336.13	287.70	2,623.83	113.29	2,510.54
Mayor and Council	517.99	-	517.99		517.99
Borough Clerk	9,173.67	201.02	9,374.69	712.55	8,662.14
Audit Services	500.00	-	500.00		500.00
Computerized Data Processing	4,297.71	-	4,297.71		4,297.71
Collection of Taxes	754.98	265.64	1,020.62	265.64	754.98
Assessment of Taxes	7,409.92	-	7,409.92		7,409.92
Legal Services	2,903.00	-	2,903.00	2,903.00	-
Engineering Services	4,925.00	-	4,925.00		4,925.00
Planning Board	-	4,623.75	4,623.75	4,623.75	-
Insurance					
Employee Group Insurance	8,236.75	102.48	8,339.23	7,558.19	781.04
Liability Insurance	20,826.00	-	20,826.00		20,826.00
Health Benefit Waiver	10,583.92	-	10,583.92		10,583.92
Police	1,166.88	30,570.77	31,737.65	30,570.77	1,166.88
Office of Emergency Management	1,193.88	-	1,193.88		1,193.88
Fire Department	107.73	12,814.06	12,921.79	12,634.57	287.22
Fire Official	1,250.00	-	1,250.00		1,250.00
Borough Prosecutor	3,620.00	-	3,620.00	960.00	2,660.00
Streets and Roads	18,580.57	1,748.58	20,329.15	2,082.32	18,246.83
Solid Waste Collection	11,283.88	3,905.00	15,188.88	1,095.00	14,093.88
Public Buildings and Grounds	8,206.48	2,331.33	10,537.81	5,071.93	5,465.88
Vehicle Maintenance	9,637.97	3,843.54	13,481.51	2,702.92	10,778.59
Forward	188,815.58	60,693.87	249,509.45	80,293.93	169,215.52

(Continued)

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Statement of 2019 Appropriation Reserves
For The Year Ended December 31, 2020

	Balance December 31, 2019		Balance After Transfers	Paid or Charged	Balance Lapsed
	Reserved	Encumbered			
Forward	\$ 188,815.58	\$ 60,693.87	\$ 249,509.45	\$ 80,293.93	\$ 169,215.52
Other Expenses (Cont'd):					
Electricity	9,704.76	-	9,704.76		9,704.76
Street Lighting	1,846.05	-	1,846.05		1,846.05
Telephone	4,759.86	352.00	5,111.86	352.00	4,759.86
Natural Gas	776.37	-	776.37		776.37
Gasoline	10,859.51	-	10,859.51	10,772.48	87.03
Printing & Postage	6,500.00	-	6,500.00		6,500.00
Landfill Fees	-	13,312.45	13,312.45	13,312.45	-
Construction Code Official	1,390.38	775.34	2,165.72	767.97	1,397.75
Zoning Code Enforcement	193.61	-	193.61		193.61
Municipal Court	3,898.84	100.12	3,998.96	167.05	3,831.91
Defined Contribution Retirement Fund	328.66	-	328.66		328.66
Total	\$ 229,073.62	\$ 75,233.78	\$ 304,307.40	\$ 105,665.88	\$ 198,641.52
			Cash Disbursed	\$ 96,588.52	
			Due to Other Trust Fund	9,000.00	
			Encumbrances	77.36	
				\$ 105,665.88	

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Reserve for Farmers' Market
For the Year Ended December 31, 2020

Balance December 31, 2019 and 2020	<u>\$ 3,306.91</u>
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Schedule of Reserve for Leon Todd Memorial Park
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 3,704.31
Increased by:	
Collected	<u>250.00</u>
Subtotal	3,954.31
Decreased by:	
Disbursements	<u>82.50</u>
Balance December 31, 2020	<u>\$ 3,871.81</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Due State of New Jersey-
Senior Citizen and Veterans' Deductions
For the Year Ended December 31, 2020**

Balance due to (from) December 31, 2019	\$ 1,698.63
Increased by:	
Cash Received	\$ 35,000.00
Senior Citizens Deductions Disallowed for 2019	<u>750.00</u>
	<u>35,750.00</u>
Total	37,448.63
Decreased by:	
Accrued in 2020:	
Senior Citizens Deductions Per Billings	4,750.00
Veterans Deductions Per Billings	30,500.00
Senior Citizens and Veteran Deductions Allowed by Collector	<u>500.00</u>
	<u>35,750.00</u>
Less - Senior Citizen Deductions Disallowed by Collector	<u>2,000.00</u>
Total	<u>33,750.00</u>
Balance due to (from) December 31, 2020	<u><u>\$ 3,698.63</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Tax Overpayments
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 5,146.67
Increased by:	
Collected	\$ 29,857.63
Prior Year Created	<u>1,996.23</u>
	<u>31,853.86</u>
Subtotal	37,000.53
Decreased by:	
Applied to 2020 Taxes	\$ 5,007.04
Refunded	13,877.09
Cancelled	<u>-</u>
	<u>18,884.13</u>
Balance December 31, 2020	<u><u>\$ 18,116.40</u></u>

Schedule of 3rd Party Tax Title Liens/Tax Sale Premiums
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 66,497.32
Increased by:	
Collected	<u>128,522.09</u>
Subtotal	195,019.41
Decreased by:	
Disbursed	<u>107,191.78</u>
Balance December 31, 2020	<u><u>\$ 87,827.63</u></u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of County Tax Payable
For the Year Ended December 31, 2020**

Balance December 31, 2019		\$ 4,659.66
Increased by:		
County Tax	\$ 1,702,885.13	
County Library Tax	151,345.62	
County Open Space Tax	99,090.16	
County Added and Omitted	<u>2,284.63</u>	<u>1,955,605.54</u>
Total		1,960,265.20
Decreased by:		
Payments		<u>1,957,980.57</u>
Balance December 31, 2020	\$	<u>2,284.63</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Schedule of Regional School Tax Payable
For the Year Ended December 31, 2020**

Balance December 31, 2019:

School Tax Payable	\$ 1,731,192.37
School Tax Deferred	<u>291,811.49</u>
	\$ 2,023,003.86

Increased by:

Levy - School Year July 1, 2020 to June 30, 2021	<u>3,341,278.00</u>
Total	5,364,281.86

Decreased by:

Payments	<u>3,360,938.98</u>
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Balance December 31, 2020:

School Tax Payable	1,711,531.39
School Tax Deferred	<u>291,811.49</u>
	<u>\$ 2,003,342.88</u>

2020 Liability for Regional District School Tax:

Tax Paid	\$ 3,360,938.98
Tax Payable December 31, 2020	<u>1,711,531.39</u>
Total	5,072,470.37

Less:

Tax Payable December 31, 2019	<u>1,731,192.37</u>
Amount Charged to 2020 Operations	<u>\$ 3,341,278.00</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

Schedule of Local District School Tax Payable
For the Year Ended December 31, 2020

Balance December 31, 2019:

School Tax Payable	\$ 2,508,468.25
School Tax Deferred	<u>516,689.81</u>
	<u>\$ 3,025,158.06</u>

Increased by:

Levy - School Year July 1, 2020 to June 30, 2021	<u>6,679,992.00</u>
Total	9,705,150.06

Decreased by:

Payments	<u>6,698,802.48</u>
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Balance December 31, 2020:

School Tax Payable	2,489,657.77
School Tax Deferred	<u>516,689.81</u>
	<u>\$ 3,006,347.58</u>

2020 Liability for Local District School Tax:

Tax Paid	\$ 6,698,802.48
Tax Payable December 31, 2020	<u>2,489,657.77</u>
Total	9,188,460.25

Less:

Tax Payable December 31, 2019	<u>2,508,468.25</u>
Amount Charged to 2020 Operations	<u>\$ 6,679,992.00</u>

BOROUGH OF MEDFORD LAKES

CURRENT FUND

**Statement of Deferred Charges
N.J.S. 40A:4-55 Special Emergency
For the Year Ended December 31, 2020**

<u>Date Authorized</u>	<u>Purpose</u>	1/5 of		Balance		Balance	
		<u>Net Amount Authorized</u>	<u>Net Amount Authorized</u>	<u>December 31, 2019</u>	<u>Increased In 2020</u>	<u>Decreased In 2020</u>	<u>December 31, 2020</u>
7/23/15	Severe Storm	\$ 150,000.00	\$ 30,000.00	\$ 30,000.00	\$ -	\$ 30,000.00	\$ -
	Total	<u>\$ 150,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ 30,000.00</u>	<u>\$ -</u>	<u>\$ 30,000.00</u>	<u>\$ -</u>

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Federal and State Grants Receivable
For the Year Ended December 31, 2020

	Balance		Transferred from			Transferred to		Balance	
	December 31, 2019	Accrued	Received	Unappropriated Reserves	Canceled	Unappropriated Reserves	December 31, 2020		
Federal Grants:									
Safer Grant	\$ 4,143.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,143.00		
NJ Transportation Trust Fund	57,618.25						57,618.25		
NJ Transportation Trust Fund	-						-		
Total Federal	61,761.25	-	-	-	-	-	61,761.25		
State Grants:									
Municipal Alliance Grant	-	4,803.35		4,803.35				-	
Clean Communities Grant	-	10,550.20	10,550.20					-	
Drive Sober or Get Pulled Over	5,500.00							5,500.00	
Body Armor Grant	-	1,339.35	1,339.35					-	
Drunk Driving Enforcement Fund	-	12,506.15	12,506.15					-	
Recycling Tonnage Grant	-	5,292.21		5,292.21				-	
Burlington County Park Development	37,251.13							37,251.13	
Total State	42,751.13	34,491.26	24,395.70	10,095.56	-	-	42,751.13		
Total	\$ 104,512.38	\$ 34,491.26	\$ 24,395.70	\$ 10,095.56	\$ -	\$ -	\$ 104,512.38		

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Unappropriated
For the Year Ended December 31, 2020

	Appropriated			Balance December 31, 2020
	Balance December 31, 2019	in 2020 Budget Appropriation	Transferred from Grants Receivable	
State Grants:				
Municipal Alliance	\$ 4,803.35	\$ 4,803.35	\$ -	\$ -
Recycling Tonnage Grant	5,292.21	5,292.21	-	-
Total State Grants	\$ 10,095.56	\$ 10,095.56	\$ -	\$ -

BOROUGH OF MEDFORD LAKES

FEDERAL AND STATE GRANT FUND

Schedule of Reserve for Federal and State Grants - Appropriated
For the Year ended December 31, 2020

	Balance December 31, 2019	Transferred from 2020 Budget Appropriation	Appropriated by NJ 40A:4-87	Prior Year Encumbrances	Paid or Charged	Canceled	Balance December 31, 2020
Federal Grants:							
NJ Transportation Trust Fund	\$ 144.40	\$ -	\$ -	\$ 1,270.15	\$ -	\$ -	\$ 1,414.55
NJ Transportation Trust Fund	57,618.25						57,618.25
Safer Grant	7,521.53						7,521.53
Over the Limit	4,400.00						4,400.00
Total Federal	69,684.18	-	-	1,270.15	-	-	70,954.33
State Grants:							
Alcoholic Ed. Rehab Fund	1,903.17				415.00		1,488.17
Body Armor Replacement Fund	876.39	1,339.35					2,215.74
Burlington County Park Development Prog.	34,374.00			360.00	34,252.20		481.80
Clean Communities Grant	26,193.59		10,550.20	751.58	6,463.34		31,032.03
Click It or Ticket	1,174.81						1,174.81
Drunk Driving Enforcement Grant	10,602.71	12,506.15		12,327.00	25,272.13		10,163.73
Drive Sober or Get Pulled Over	346.99						346.99
Municipal Alliance Grant	9,458.32	4,803.35		3,850.00			18,111.67
Recycling Tonnage Grant	28,680.69	5,292.21		782.50	1,636.53		33,118.87
Green Communities	3,000.00						3,000.00
Total State	116,610.67	23,941.06	10,550.20	18,071.08	68,039.20	-	101,133.81
Total State Grants	\$ 186,294.85	\$ 23,941.06	\$ 10,550.20	\$ 19,341.23	\$ 68,039.20	\$ -	\$ 172,088.14

Analysis of Paid or Charged:

Cash Disbursed	\$ 66,783.20
Encumbrances	1,256.00
	<u>\$ 68,039.20</u>

TRUST FUND

BOROUGH OF MEDFORD LAKES

Trust Fund

Schedule of Cash - Treasurer
For the Year Ended December 31, 2020

	Animal Control	Total Other Trust Funds	Payroll	Planning and Zoning	Unemployment	Public Defender	Special Law Enforcement	Street Opening	EMS	Health Care
Balance December 31, 2019	\$ 2,428.05	\$ 80,585.69	\$ 38,345.41	\$ 2,727.99	\$ 3,832.93	\$ 4,815.47	\$ 221.85	\$ 30,217.20	\$ 333.90	\$ 90.94
Receipts:										
Dog License Fees:										
Municipal Licenses	4,639.80		-							
State Registration Fees	609.00		-							
Late Fees/Miscellaneous	1,239.40		-							
Net Payroll		1,416,681.52		1,416,681.52						
Payroll Deductions Payable		845,393.04		845,393.04						
Annual Pension Bills Payable		279,204.00		279,204.00						
Planning and Zoning Escrows		900.00		900.00						
Employee Withholdings		1,369.86			1,369.86					
Street Openings		7,500.00						7,500.00		
Public Defender Fees		150.00				150.00				
Interest Earned	19.73	7,393.21	7,188.57	13.90		23.14	1.06	165.26	0.85	0.43
Total Receipts	6,507.93	2,558,591.63	2,548,467.13	913.90	1,369.86	173.14	1.06	7,665.26	0.85	0.43
Disbursements:										
Expenditures Under RS4:19-15.11	5,275.80		-							
State Registration Fees	609.00		-							
Net Payroll		1,426,270.52		1,416,681.52				9,589.00		
Payroll Deductions Payable		845,196.33		845,196.33						
Annual Pension Bills Payable		279,204.00		279,204.00						
Planning and Zoning Escrows		900.00		900.00						
Unemployment Claims		4,297.08			4,297.08					
EMS Expense		102.80						102.80		
Due to Current Fund		181.80							181.80	
Total Disbursements	5,884.80	2,556,152.53	2,541,081.85	900.00	4,297.08	-	-	9,589.00	284.60	-
Balance December 31, 2020	\$ 3,051.18	\$ 83,024.79	\$ 45,730.69	\$ 2,741.89	\$ 905.71	\$ 4,988.61	\$ 222.91	\$ 28,293.46	\$ 50.15	\$ 91.37

BOROUGH OF MEDFORD LAKES

ANIMAL CONTROL FUND

Schedule of Reserve for Animal Control Fund Expenditures
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 2,428.05
Increased by:		
2020 Dog License Fees Collected	\$ 3,780.00	
2020 Cat Licenses Collected	859.80	
Late Fees/Miscellaneous	1,239.40	
Interest Earned	<u>19.73</u>	
		\$ 5,898.93
Total		<u>8,326.98</u>
Decreased by:		
Expenditures Under R.S. 4:19-15.11:		<u>5,275.80</u>
Balance December 31, 2020	\$	<u>3,051.18</u>

License Fees Collected

Year:	
2018	4,996.80
2019	<u>5,147.40</u>
Total	\$ <u>10,144.20</u>

EXHIBIT B-3**BOROUGH OF MEDFORD LAKES****TRUST - OTHER FUNDS****Schedule of Payroll Deductions Payable
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 13,995.66
Increased by:	
Payroll Deductions Received	\$ 843,540.28
Net Pay	<u>1,416,681.00</u>
	<u>2,260,221.28</u>
Subtotal	2,274,216.94
Decreased by:	
Payroll Deductions Disbursed	845,196.33
Net Pay	<u>1,416,681.00</u>
	<u>2,261,877.33</u>
Balance December 31, 2020	<u>\$ 12,339.61</u>

EXHIBIT B-4**Schedule of Reserve For Planning and Zoning Escrow Deposits
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 2,608.15
Increased by:	
Deposits	<u>900.00</u>
Subtotal	3,508.15
Decreased by:	
Disbursed	<u>900.00</u>
Balance December 31, 2020	<u>\$ 2,608.15</u>

A permanent list of individual account balances is on file in the Treasurer's office.

EXHIBIT B-5

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Reserve For Unemployment Compensation Insurance Trust
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 6,311.86
Increased by:	
Interest Earned	\$ 15.91
Employee Withholdings	<u>3,206.71</u>
	<u>3,222.62</u>
Subtotal	9,534.48
Decreased by:	
Disbursed to State Department of Labor	<u>4,297.08</u>
Balance December 31, 2020	<u>\$ 5,237.40</u>

EXHIBIT B-6

**Schedule of Reserve For Public Defender Trust Fund
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 4,649.92
Increased by:	
Receipts	<u>150.00</u>
Balance December 31, 2020	<u>\$ 4,799.92</u>

EXHIBIT B-7

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Reserve For Compensated Absences
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 9,000.00
Add:	
Budget Appropriation	\$ 5,000.00
2019 Appropriation Reserve	<u>9,000.00</u>
	14,000.00
Balance December 31, 2020	<u>\$ 23,000.00</u>

EXHIBIT B-8

**Schedule of Reserve For Special Law Enforcement Fund
For the Year Ended December 31, 2020**

Balance December 31, 2020 and 2019	\$ 197.64
<hr/>	

EXHIBIT B-9

BOROUGH OF MEDFORD LAKES

TRUST - OTHER FUNDS

**Schedule of Reserve For Street Openings
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 28,563.32
Increased by:	
Escrow Deposits	7,500.00
	<hr/>
	36,063.32
Decreased by:	
Disbursed	<hr/> 9,589.00
Balance December 31, 2020	<hr/> \$ 26,474.32

EXHIBIT B-10

**Schedule of Reserve For EMS
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 102.80
Decreased by:	
Disbursed	<hr/> 102.80
Balance December 31, 2020	<hr/> \$ -

EXHIBIT B-11

**Schedule of Reserve For POAA
For the Year Ended December 31, 2020**

Balance December 31, 2020 and 2019	\$ 18.00
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GENERAL CAPITAL FUND

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Schedule of Cash - Treasurer
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$	634,302.38
Receipts:		
Interest Earned on Investments	\$	3,939.89
Bond Anticipation Notes		568,477.00
Due From Federal and State Grant Fund	<u>\$</u>	<u>222,854.75</u>
		<u>795,271.64</u>
Total		1,429,574.02
Disbursements:		
Improvement Authorizations		<u>791,060.25</u>
Balance December 31, 2020	\$	638,513.77

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Analysis of General Capital Cash and Investments
For the Year Ended December 31, 2020

Capital Improvement Fund	\$ 11,560.76
Fund Balance	12,639.89
Reserve for Payment of Debt Service Costs	501,405.58
Due to Current Fund	123,903.54
Due to Sewer Utility Fund	2,450.33
Improvement Authorizations:	
Ordinance	
<u>Number</u>	
468 Multi-Purpose:	
Improvements to Municipal Building	1,172.79
512 Construction of Dams	1,275.00
518 Various Road Repairs	189.22
534 Purchase of Public Works Dept. Equipment	5,000.00
550 Multi-Purpose:	
Construction of Drainage Improvments	25.40
564 Multi-Purpose:	
Construction of Maintenance Improv. To Mishemokwa Dam	12,554.45
Construction of Maintenance Improv. To Quoque Dam	31.17
598 Acquisition of Public Works Dept. Equipment	1,710.00
605 Multi-Purpose:	
Acquisition of Public Works Dept. Equipment	352.00
Emergency Management Communication Equipment	202.72
620/666 Multi-Purpose:	
Various Paving and Storm Water Drainage	(13,754.33)
New Telephone System	0.51
Acquisition of New Weapons/Guns	34.19
627 Multi-Purpose:	
Fire Equipment - SCBA	400.42
Police Equipment	26.00
636/667 Multi-Purpose:	
Public Works Equipment	(17,933.15)
Road Improvements	1.31
Public Works (2) Ford 450 Dump Trucks	624.00
Public Works Equipment	(33,413.15)
640 Multi-Purpose	
Construction of Improvements to Mishemokwa Dam	8,043.00
646 Multi-Purpose	
Construction of Improvements to Oak Hall Municipal Bldg	(44,468.58)
Installation of Flashing Cross Walk Signs	208.23
647 Purchase of Police Vehicle	637.50
654 Multi-Purpose	
Lenape and Other Road/Trail Improvements	(57,618.25)
Asphalt Machine	287.90
Tabernacle Bike Path	71.15
664 Multi-Purpose	
Construction of Fire House	50,000.00
Road Improvements	(260,381.25)
Acquisition of Police Car	(70,490.00)
Acquisition of Emergency Generator	(20,331.61)
669 Road Construction of Lenape Trail	32,285.11
671/675 Multi-Purpose	
Construction of Road Improvements to Tabernacle Road	(172,043.18)
Acquisition of Dump Truck	4,250.00
Acquisition of Police Vehicle	(8,515.40)
Improvements to Administrative Building	1,750.00
Acquisition of Fire Protective Equipment	750.00
Acquisition of Fire Computer Equipment	200.00
674 Multi-Purpose	
Road Construction	276,696.50
Purchase of Trash Truck	286,724.00
Total	\$ 638,513.77

BOROUGH OF MEDFORD LAKES
General Capital Fund
Statement of Deferred Charges to Future Taxation - Funded
For the Year Ended December 31, 2020

Balance December 31, 2019	\$ 3,629,808.31
Decreased By:	
Budget Appropriations:	
NJDEP Loan Payable	<u>478,392.99</u>
Balance December 31, 2020	<u>\$ 3,151,415.32</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Balance December 31, 2019		Funded by:		Balance December 31, 2020		Analysis of Balance - December 31, 2020			Unexpended Improvement Authorizations
		2019	2020 Authorizations	Budget Appropriation	Reappropriated	2020	Bond Anticipation	Expenditures			
564	Multi-purpose: Construction of New Improvements to Quoque Dam	\$ 418,578.25	\$ -	\$ 92,000.00	\$ -	\$ 326,578.25	\$ -	\$ -	\$ -	\$ 326,578.25	
620/666	Multi-Purpose: New Truck and Tractor Various Paving and Storm Water Drainage Acquisition of New Telephone System Acquisition of New Weapons/Guns Acquisition of Police Car	83,831.59 71,400.00 18,944.00 12,350.00 14,306.00		8,000.00		75,831.59 71,400.00 18,944.00 12,350.00 14,306.00	75,831.59 44,568.41 18,944.00 12,350.00 14,306.00		13,754.33	13,077.26	
627	Multi-Purpose: Public Works Flatbread Truck Fire Equipment - SCBA Public Works Leaf Machine Police Equipment	142,500.00 85,500.00 38,000.00 9,215.00				142,500.00 85,500.00 38,000.00 9,215.00	142,500.00 76,285.00 38,000.00 9,215.00			9,215.00	
636/667	Multi-Purpose: Public Works Equipment Road Improvements Public Works (2) Ford 450 Dump Trucks Police Equipment Construction of Building Improvements Public Works Equipment	96,537.15 2,500.00 104,500.00 36,100.00 33,200.00 42,612.85				96,537.15 2,500.00 104,500.00 36,100.00 33,200.00 42,612.85	78,604.00 2,500.00 104,500.00 36,100.00 23,296.00 39,059.20		17,933.15	9,904.00 3,553.65	
640	Multi-Purpose: Acquisition of Tanker Truck for Fire Dept Construction of Improvements to Mishemokwa Dam	76,000.00 66,500.00				76,000.00 66,500.00	76,000.00 66,000.00			500.00	
646	Multi-Purpose: Construction of Improvements to Oak Hall Municipal Building Acquisition of Police Vehicle Installation of Flashing Cross Walk Signs	54,150.00 32,300.00 5,700.00				54,150.00 32,300.00 5,700.00	9,000.00 32,300.00 5,700.00		44,468.58	681.42	
647	Purchase of Police Vehicle	38,000.00				38,000.00	38,000.00				
	Balance Forward	1,482,724.84	-	100,000.00	-	1,382,724.84	904,000.00	115,215.26		363,509.58	

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Schedule of Deferred Charges to Future Taxation - Unfunded
For the Year Ended December 31, 2020**

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Date of Issue of Original Note	Amount of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2019	Increased	Decreased	Balance December 31, 2020
564	Multi-Purpose	10/23/19	\$ 92,000.00	10/23/2019	10/14/2020	0.00%	\$ 92,000.00	\$ -	\$ 92,000.00	\$ -
620	Multi-Purpose	10/23/19	174,000.00	10/23/2019	10/14/2020	0.00%	174,000.00		174,000.00	-
620	Multi-Purpose	10/23/19	174,000.00	10/14/2020	10/14/2021	0.00%		166,000.00		166,000.00
627	Multi-Purpose	10/23/19	266,000.00	10/23/2019	10/14/2020	0.00%	266,000.00		266,000.00	-
627	Multi-Purpose	10/23/19	266,000.00	10/14/2020	10/14/2021	0.00%		266,000.00		266,000.00
636	Multi-Purpose	10/23/19	245,000.00	10/23/2019	10/14/2020	0.00%	245,000.00		245,000.00	-
636	Multi-Purpose	10/23/19	245,000.00	10/14/2020	10/14/2021	0.00%		245,000.00		245,000.00
640	Multi-Purpose	10/23/19	142,000.00	10/23/2019	10/14/2020	0.00%	142,000.00		142,000.00	-
640	Multi-Purpose	10/23/19	142,000.00	10/14/2020	10/14/2021	0.00%		142,000.00		142,000.00
646	Multi-Purpose	10/23/19	85,000.00	10/23/2019	10/14/2020	0.00%	85,000.00		85,000.00	-
646	Multi-Purpose	10/23/19	85,000.00	10/14/2020	10/14/2021	0.00%		85,000.00		85,000.00
654	Multi-Purpose	09/23/20	568,477.00	09/23/20	09/22/21	0.00%		568,477.00		568,477.00
							\$ 1,004,000.00	\$ 1,472,477.00	\$ 1,004,000.00	\$ 1,472,477.00

Above Notes held as Investments in the Current Fund.

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Environmental Protection Loan Payable
For the Year Ended December 31, 2020

Balance December 31, 2019		\$ 3,629,808.31
Decreased by:		
Paid by Budget Appropriation		<u>478,392.99</u>
Balance December 31, 2020		
		<u>\$ 3,151,415.32</u>

Year	Principal	Interest	Total
2021	\$ 488,008.69	\$ 60,600.40	\$ 548,609.09
2022	497,817.66	50,791.42	548,609.08
2023	507,823.79	40,785.30	548,609.09
2024	518,031.05	30,578.05	548,609.10
2025	528,443.49	20,165.62	548,609.11
2026	539,065.18	9,543.89	548,609.07
2027	9,712.26	1,396.18	11,108.44
2028	9,907.47	1,200.97	11,108.44
2029	10,106.61	1,001.84	11,108.45
2030	10,309.75	798.69	11,108.44
2031	10,516.98	591.46	11,108.44
2032	10,728.37	380.07	11,108.44
2033	10,944.02	164.45	11,108.47
	<u>\$ 3,151,415.32</u>	<u>\$ 217,998.34</u>	<u>\$ 3,369,413.66</u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2019		2020 Authorizations					Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Balance December 31, 2020		
				Funded	Unfunded	Deferred Charge Unfunded	Capital Improvement Fund	State Grant	Reappropriated	Funded				Funded	Unfunded	
468	Multi-Purpose: Improvements to Municipal Building Improvements to Public Works Department Building	06/12/01	\$ 2,100,000	\$ 1,172.79	\$ 576,643.00	\$ -	\$ -	\$ -	\$ (563,420.50)	\$ -	\$ 14,552.50	\$ 27,775.00	\$ -	\$ 1,172.79	\$ -	
512	Construction of Dams	09/08/05	8,846,561.00	-	-	-	-	-	-	-	1,275.00	-	-	-	1,275.00	
518	Multi-Purpose: Various Road Improvements	05/25/06	150,000.00	189.22	-	-	-	-	-	-	-	-	-	189.22	-	
534	Purchase of PWD Equipment	10/11/07	8,405.00	5,000.00	-	-	-	-	-	-	-	-	-	5,000.00	-	
550	Multi-Purpose: Construction of Drainage Improvements to Mudjekewis and Tontonava Trails	05/08/08	70,000.00	25.40	-	-	-	-	-	-	-	-	-	25.40	-	
564	Multi-Purpose: Construction of Maintenance Improvements to Mishemokwa Dam	05/27/09	280,000.00	153.15	-	-	-	-	-	-	12,401.30	-	-	12,554.45	-	
	Construction of New Improvements to Quoque Dam		600,000.00	-	326,609.42	-	-	-	-	-	-	-	-	31.17	326,578.25	
598	Multi-Purpose: Acquisition of Public Works Department Equipment	08/15/12	33,595.00	1,710.00	-	-	-	-	-	-	-	-	-	1,710.00	-	
605	Multi-Purpose: Acquisition of Public Works Department Equipment		50,000.00	352.00	-	-	-	-	-	-	-	-	-	352.00	-	
	Acquisition of Police Department Equipment		32,000.00	-	-	-	-	-	-	-	-	-	-	-	-	
	Emergency Management Communication Equipment		30,000.00	202.72	-	-	-	-	-	-	-	-	-	202.72	-	
620/666	Multi-Purpose	10/22/14	180,000.00	-	-	-	-	-	-	-	-	-	-	-	-	
	Various Paving and Storm Water Drainage		75,000.00	-	13,077.26	-	-	-	-	-	-	-	-	-	13,077.26	
	Refurbishment of Existing Fire Apparatus and Equipment		45,000.00	-	-	-	-	-	-	-	-	-	-	-	-	
	Acquisition of New Telephone System		35,000.00	-	0.51	-	-	-	-	-	-	-	-	0.51	-	
	Acquisition of New Weapons/Guns		13,000.00	-	34.19	-	-	-	-	-	-	-	-	34.19	-	
	Acquisition of Police Car		14,306.00	-	-	-	-	-	-	-	-	-	-	-	-	
627	Multi-Purpose	08/13/15	150,000.00	-	-	-	-	-	-	-	-	-	-	-	-	
	Public Works Flatbread Truck		90,000.00	-	9,615.42	-	-	-	-	-	-	-	-	-	9,615.42	
	Fire Equipment - SCBA		40,000.00	-	-	-	-	-	-	-	-	-	-	-	-	
	Public Works Leaf Machine		9,700.00	-	26.00	-	-	-	-	-	-	-	-	-	26.00	
636/667	Multi-Purpose	06/23/16	157,000.00	-	-	-	-	-	-	-	0.71	-	-	-	-	
	Public Works Equipment		150,000.00	-	0.60	-	-	-	-	-	-	-	-	-	1.31	
	Road Improvements		110,000.00	-	624.00	-	-	-	-	-	-	-	-	-	624.00	
	Public Works (2) Ford 450 Dump Trucks		38,000.00	-	1,647.52	-	-	-	-	-	1,647.52	-	-	-	-	
	Police Equipment		35,000.00	-	9,904.00	-	-	-	-	-	-	-	-	-	9,904.00	
	Construction of Building Improvements		42,612.85	-	16,498.70	-	-	-	-	-	7,299.00	-	5,646.05	-	3,553.65	
	Balance Forward		\$ 585,448.28	\$ 378,037.62	\$ -	\$ -	\$ -	\$ -	\$ (563,420.50)	\$ 28,229.51	\$ 36,721.52	\$ 5,646.05	\$ 22,512.75	\$ 363,414.59		

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance December 31, 2019		2020 Authorizations			Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Balance December 31, 2020		
				Funded	Unfunded	Deferred Charge Unfunded	Capital Improvement Fund	State Grant				Funded	Unfunded	
640	Balance Brought Forward			\$ 585,448.28	\$ 378,037.62	\$ -	\$ -	\$ -	\$(563,420.50)	\$ 28,229.51	\$ 36,721.52	\$ 5,646.05	\$ 22,512.75	\$ 363,414.59
	Multi-Purpose	02/09/17												
	Acquisition of Tanker Truck for Fire Department		327,620.00											
	Construction of Improvements to Mishemokwa Dam		70,000.00											8,543.00
646	Multi-Purpose	05/11/17												
	Construction of Improvements to Oak Hall Municipal Bldg		57,000.00											681.42
	Acquisition of Police Vehicle		34,000.00											-
	Installation of Flashing Cross Walk Signs		6,000.00											208.23
647	Purchase of Police Vehicle	08/10/17	42,000.00											637.50
654	Multi-Purpose	07/01/18												
	Lenape and Other Road/Trail Improvements		415,000.00											-
	One Man Leaf Truck		195,000.00											-
	Asphalt Machine		82,000.00											287.90
	Pick-up Truck and Plow		45,000.00											-
	Pick-up Truck and Plow		45,000.00											-
	Police Vehicle		34,000.00											-
	Tabernacle Bike Path		25,000.00											71.15
664	Multi-Purpose	07/01/19												
	Construction of Fire House		1,000,000.00	50,000.00	950,000.00								50,000.00	950,000.00
	Road Improvements		462,035.00	204,102.00	200,933.00									-
	Acquisition of Police Car		74,200.00		13,915.54									-
	Acquisition of Emergency Generator		21,500.00		93.39									93.39
666	Acquisition of Police Vehicle	09/11/19	14,306.00										14,306.00	14,306.00
669	Road Construction of Lenape Trail	05/27/20	37,970.31											18,275.50
671/675	Multi-Purpose	08/12/20												14,009.61
	Construction of Road Improvements to Tabernacle Road		507,000.00			231,650.00	25,350.00	250,000.00						-
	Acquisition of Dump Truck		85,000.00			80,750.00	4,250.00							379.00
	Acquisition of Police Vehicle		62,500.00			59,375.00	3,125.00							1,460.30
	Improvements to Administrative Building		35,000.00			33,250.00	1,750.00							33,250.00
	Acquisition of Fire Protective Equipment		15,000.00			14,250.00	750.00							14,250.00
	Acquisition of Fire Computer Equipment		4,000.00			3,800.00	200.00							3,800.00
674	Multi-Purpose	10/14/20												
	Road Construction		276,696.50										276,696.50	-
	Purchase of Trash Truck		286,724.00										286,724.00	
	Total			\$ 839,550.28	\$ 1,587,708.75	\$ 423,075.00	\$ 35,425.00	\$ 250,000.00	\$ -	\$ 152,569.23	\$ 791,060.25	\$ 754,272.67	\$ 351,909.25	\$ 1,391,086.09

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

**Statement of Capital Improvement Fund
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 6,985.76
Increased by:	
2020 Budget Appropriation	<u>40,000.00</u>
Subtotal	46,985.76
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>35,425.00</u>
Balance December 31, 2020	<u><u>\$ 11,560.76</u></u>

BOROUGH OF MEDFORD LAKES

GENERAL CAPITAL FUND

Statement of Bonds and Notes Authorized but not Issued
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Balance December 31, 2019	2020 Authorization	Funded by Budget Appropriation	Bond Anticipation Note Issued	Balance December 31, 2020
564	Multi-Purpose Construction of New Improvements to Quoque Dam	\$ 326,578.25	\$ -	\$ -	\$ -	\$ 326,578.25
620/666	Multi-Purpose: Various Paving and Storm Water Drainage	26,831.59				26,831.59
627	Multi-Purpose: Fire Equipment - SCBA	9,215.00				9,215.00
636/667	Multi-Purpose: Public Works Equipment Building Improvements Public Works Equipment	17,933.15 9,904.00 42,612.85				17,933.15 9,904.00 42,612.85
640	Multi-Purpose: Construction of Improvements to Mishemokwa Dam	500.00				500.00
646	Multi-Purpose Construction of Improvements to Oak Hall Municipal Building	45,150.00				45,150.00
654	Multi-Purpose Lenape and Other Road/Trail Improvements One Man Leaf Truck Asphalt Machine Pick-up Truck and Plow Pick-up Truck and Plow Police Vehicle Tabernacle Bike Path	163,777.00 185,250.00 77,900.00 42,750.00 42,750.00 32,300.00 23,750.00				163,777.00 185,250.00 77,900.00 42,750.00 42,750.00 32,300.00 23,750.00
664	Multi-Purpose Construction of Fire House Road Improvements Acquisition of Police Car Acquisition of Emergency Generator	950,000.00 200,933.00 70,490.00 20,425.00				950,000.00 200,933.00 70,490.00 20,425.00
671/675	Multi-Purpose Construction of Road Improvements to Tabernacle Road Acquisition of Dump Truck Acquisition of Police Vehicle Improvements to Administrative Building Acquisition of Fire Protective Equipment Acquisition of Fire Computer Equipment	231,650.00 80,750.00 59,375.00 33,250.00 14,250.00 3,800.00				231,650.00 80,750.00 59,375.00 33,250.00 14,250.00 3,800.00
	Total	\$ 2,289,049.84	\$ 423,075.00	\$ -	\$ 568,477.00	\$ 2,143,647.84

SEWER UTILITY FUND

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of Cash - Collector/Treasurer
For the Year Ended December 31, 2020

	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2019	\$ 1,828,555.14	\$ 104,831.85
Receipts:		
Sewer Service Charges Receivable	\$ 1,190,495.81	
Sewer Liens	-	
Prepaid Sewer Rent	73,753.86	
Sewer Rent Overpayments	4,547.16	
Due to Sewer Operating Fund		436.27
Miscellaneous Revenue	38,704.21	
Bond Anticipation Note		400,000.00
Contra	<u>935.33</u>	
 Total Receipts	 <u>1,308,436.37</u>	 <u>400,436.27</u>
 Total	 3,136,991.51	 505,268.12
 Disbursements:		
2020 Appropriations	885,766.79	
Appropriation Reserves and		
Encumbrances Payable	156,631.32	
Improvement Authorizations		57,343.32
Investment - Bond Anticipation Note	400,000.00	
Contra	<u>935.33</u>	
 Total Disbursements	 <u>1,443,333.44</u>	 <u>57,343.32</u>
 Balance December 31, 2020	 <u>\$ 1,693,658.07</u>	 <u>\$ 447,924.80</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Analysis of Capital Cash
At December 31, 2020

Fund Balance	\$ 13,651.50
Capital Improvement Fund	3,458.25
Reserve for Debt Service	1,072.96
Due from Payroll Fund	(3,500.00)
Due to Sewer Utility Operating Fund	11,175.12
Due to Current Fund	14,800.00

Improvement Authorization

Ord. 518 Construction and Repairs to Sewer Collection System	12,552.19
Ord. 588 Various Capital Improvements	4,335.66
Ord. 588 Acquisition of Computer Equipment	24,275.58
Ord. 620 Various Capital Improvements to Treatment and Collection Building	(70,895.43)
Ord. 620 Various Capital Improvements to Treatment and Collection System	144,500.00
Ord. 620 Acquisition of SCADA Computer	11,202.50
Ord. 620 Upgrades to Cochise Circle Pump Station	5,808.75
Ord. 627 New Circulation Pump	900.00
Ord. 646 Construction of New Administrative Building	(88,428.15)
Ord. 662 Sewer Lining Project	(19,845.50)
Ord. 664 Acquisition of a Sludge Press	<u>382,861.37</u>
 Total	 <u>\$ 447,924.80</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

**Schedule of Sewer Service Charges Receivable
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 95,788.80
Increased by:	
Sewer Billings	<u>1,252,534.54</u>
Total	1,348,323.34
Decreased by:	
2020 Collections	\$ 1,190,495.81
Prepayments Applied	61,158.80
Overpayments Applied	2,197.86
Transfer to Municipal Liens	<u>700.00</u>
	<u>1,254,552.47</u>
Balance December 31, 2020	<u>\$ 93,770.87</u>

**Schedule of Sewer Service Liens Receivable
For the Year Ended December 31, 2020**

Balance December 31, 2019	\$ 10,653.30
Increased by:	
Interest & Cost of Tax Sale	
Transfer from Receivables	<u>700.00</u>
Total	700.00
	11,353.30
Decreased by:	
2020 Collections	
Balance December 31, 2020	<u>\$ 11,353.30</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital
For the Year Ended December 31, 2020

	Balance December 31, 2019	Increase By Additions	Less Retirements	Balance December 31, 2020
Sewer Plant	\$ 5,194,990.12	\$ -	\$ -	\$ 5,194,990.12
Pumping Station and Structures	64,031.95			64,031.95
General Equipment	<u>274,629.17</u>			<u>274,629.17</u>
Total	<u>\$ 5,533,651.24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,533,651.24</u>

NOTE - The Fixed Capital reported above is taken from the Municipal Records and does not necessarily show the true value.

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Fixed Capital Authorized and Uncompleted
For the Year Ended December 31, 2020

Improvement Description	Date	Ordinance Amount	Balance December 31, 2019	Deferred Charges To Future Revenue	Transfer To Fixed Capital	Canceled	Balance December 31, 2020
Ord, 588: Multipurpose Construction of Various Capital Improvements Acquisition of Computer	9/14/11	\$ 83,000.00 58,900.00	\$ 83,000.00 58,900.00	\$ -	\$ -	\$ -	\$ 83,000.00 58,900.00
Ord, 620: Multipurpose Various Capital Improvements to treatment and collections buildings	10/22/14	200,000.00	200,000.00				200,000.00
Various Capital Improvements to treatment and collections system		175,000.00	175,000.00				175,000.00
Acquisition of SCADA Computer for Plant		142,000.00	142,000.00				142,000.00
Upgrades to Cochise Circle Pump Station		125,000.00	125,000.00				125,000.00
Ord. 627: Acquisition of New Circulation Pump	8/13/15	30,000.00	30,000.00				30,000.00
Ord. 636: Cochise Circle Pump Station	6/23/16	130,000.00	130,000.00				130,000.00
Ord. 646: New Administrative Building	5/15/17	350,000.00	350,000.00				350,000.00
Ord 662: Sanitary Sewer Collection System Lining Project	4/24/19	9,034,615.00	9,034,615.00				9,034,615.00
Ord 664: Construction/Acquisition of a Sludge Pres	7/1/19	400,000.00	400,000.00				400,000.00
Total			<u>\$ 10,728,515.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,728,515.00</u>

BOROUGH OF MEDFORD LAKES

SEWER UTILITY OPERATING FUND

Statement of 2019 Appropriation Reserves
For the Year Ended December 31, 2020

	Balance December 31, 2019		Balance After Transfers	Paid or Charged	Balance Lapsed			
	Encumbrances							
	Payable	Reserves						
Operating:								
Salaries and Wages	\$ -	\$ 1,764.78	\$ 1,764.78	\$ -	\$ 1,764.78			
Other Expenses	124,851.30	162,213.10	287,064.40	166,385.17	120,679.23			
Social Security System	-	321.91	321.91		321.91			
Defined Contribution Retirement	-	1,341.68	1,341.68		1,341.68			
Unemployment Compensation	-	2,825.05	2,825.05		2,825.05			
Total	\$ 124,851.30	\$ 168,466.52	\$ 293,317.82	\$ 166,385.17	\$ 126,932.65			
			Cash Disbursed		\$ 156,631.32			
			Due to Current Fund		9,753.85			
			Total		\$ 166,385.17			

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

**Schedule of Capital Improvement Fund
For the Year Ended December 31, 2020**

Balance December 31, 2020 and 2019	\$ <u>3,458.25</u>
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BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Improvement Authorizations
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Date	Ordinance Amount	Balance		2020 Authorizations	Reappropriated	Prior Year Encumbrances Canceled	Paid or Charged	Current Year Encumbrances Payable	Balance						
				December 31, 2019							December 31, 2020						
				Funded	Unfunded						Funded	Unfunded					
588	Multipurpose Various Capital Improvements Acquisition of Computer Equipment	9/14/2011	\$ 83,000.00 58,900.00	\$ 4,335.66 41,119.27	\$ -	\$ -	\$ -	\$ -	\$ - 16,843.69	\$ -	\$ 4,335.66 24,275.58	\$ -					
620	Multipurpose Various Capital Improvements to Treatment and Collections Buildings Various Capital Improvements to Treatment and Collections System Acquisition of SCADA Computer for Plant Upgrades to Cochise Circle Pump Station	10/22/2014	200,000.00		-												
			175,000.00	138,912.50				5,587.50			144,500.00						
			142,000.00	8,998.00				4,540.00	2,335.50		11,202.50						
			125,000.00	1,646.62				4,162.13			5,808.75						
627	Acquisition of New Circulation Pump	8/13/2015	30,000.00	900.00	-						900.00	-					
636	Cochise Circle Pump Station	6/23/2016	130,000.00		-							-					
646	Construction of Administration Building for Sewer Utility	5/15/2017	350,000.00		261,571.85			1,180.00	1,180.00			261,571.85					
662	Sanitary Sewer Collection System Lining Project	4/24/19	9,034,615.00		8,657,615.00			377,000.00	19,845.50	357,154.50		8,657,615.00					
664	Construction/ Acquisition of a Sludge Press	7/1/19	400,000.00		400,000.00				17,138.63	359,900.00		22,961.37					
				\$ 46,354.93	\$ 9,468,743.97	\$ -	\$ -	\$ 392,469.63	\$ 57,343.32	\$ 717,054.50	\$ 29,511.24	\$ 9,103,659.47					

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

**Schedule of Reserve for Amortization
For the Year Ended December 31, 2020**

Balance December 31, 2020 and 2019	<u>\$ 5,533,651.24</u>
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BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Deferred Reserve for Amortization
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Date of Ordinance	Balance December 31, 2019	Paid From Operating Budget - Notes	Balance December 31, 2020
588	Multipurpose Construction of Various Capital Improvements Acquisition of Computer	9/14/11	\$ 83,000.00 58,900.00	\$ - -	\$ 83,000.00 58,900.00
620	Multipurpose Upgrades to Cochise Circle Pump Station	10/22/14	571,104.57		571,104.57
627	Acquisition of New Circulation Pump	8/13/15	30,000.00	-	30,000.00
636	Cochise Circle Pump	6/23/16	130,000.00	-	130,000.00
			\$ 873,004.57	\$ -	\$ 873,004.57

EXHIBIT D-16

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Date of Issue of Original Note	Date of Issue	Date of Maturity	Interest Rate	Balance			Balance December 31, 2020
						December 31, 2019	Increased	Decreased	
664	Construction/Acquisition of Sludge Press	12/16/20	12/16/20	12/15/21	0.00%	\$ -	\$ 400,000.00	\$ -	\$ 400,000.00
	Total					\$ -	\$ 400,000.00	\$ -	\$ 400,000.00
						Issued for Cash	\$ 400,000.00	\$ -	
						Renewals	-	-	
						Paid by Budget Appropriation	-	-	
							\$ 400,000.00	\$ -	

BOROUGH OF MEDFORD LAKES

SEWER UTILITY CAPITAL FUND

Schedule of Bond Anticipation Notes Authorized But Not Issued
For the Year Ended December 31, 2020

Ordinance Number	Improvement Description	Balance December 31, 2019	2020 Authorizations	Bond Anticipation Notes Issued	Balance December 31, 2020
620	Multipurpose Construction of Various Capital Improvements to Treatment Buildings	\$ 70,895.43	\$ -	\$ -	\$ 70,895.43
646	New Administration Building	350,000.00			350,000.00
662	Sanitary Sewer Collection System Lining Project	9,034,615.00			9,034,615.00
664	Construction/ Acquistion of a Sludge Press	400,000.00		400,000.00	-
		<u>\$ 9,855,510.43</u>	<u>\$ -</u>	<u>\$ 400,000.00</u>	<u>\$ 9,455,510.43</u>

BOROUGH OF MEDFORD LAKES

PART II

Schedule of Findings and Recommendations

For the Year Ended December 31, 2020

BOROUGH OF MEDFORD LAKES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Section 1 -- Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued:	<hr/> Unmodified		
Internal control over financial reporting:			
1) Material weaknesses identified?	<hr/> yes	<input checked="" type="checkbox"/> X	no
2) Were reportable conditions identified that were not considered to be material weaknesses?	<hr/> yes	<input checked="" type="checkbox"/> X	none reported
Noncompliance material to financial statements noted?	<hr/> yes	<input checked="" type="checkbox"/> X	no

Federal Awards

A Federal Single Audit was not required

State Awards

A State Single Audit was not required

BOROUGH OF MEDFORD LAKES
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Schedule of Financial Statement Findings

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

No findings identified

BOROUGH OF MEDFORD LAKES
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

A state single audit was not required.

BOROUGH OF MEDFORD LAKES
Summary Schedule of Prior Year Audit Findings
And Recommendations as Prepared by Management

This section identifies the status of prior year findings related to the financial statements and federal and state grant awards that are required to be reported in accordance with *Government Auditing Standards* and New Jersey OMB's Circular 15-08.

FINANCIAL STATEMENT FINDINGS

Finding #2019-1

Condition:

Our audit of compliance with the Local Public Contracts Law revealed that bids were not publicly requested for one purchase that exceeded the bid threshold.

Current Status:

This condition has been corrected.

FEDERAL AWARDS

A Federal Single Audit was not required.

STATE AWARDS

A State Single Audit was not required.

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office at December 31, 2020:

<u>Name</u>	<u>Terms Expire</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Name of Corporate Surety</u>
Robert D. Hanold	6/30/2022	Mayor		
Thomas J. Cranston	6/30/2022	Deputy Mayor		
William R. Fields	6/30/2024	Councilman		
Gary A. Miller	6/30/2024	Councilman		
Caputo, Gail	6/30/2024	Councilwoman		
Robert Burton		Borough Manager, Acting Chief Financial Officer	\$ 1,000,000	(A)
Mark J. McIntosh		Borough Clerk	1,000,000	(A)
Sherri Rockhill		Tax Collector, Administrative Clerk and Utility Rent Collector	1,000,000	(A)
Peter Lange, Jr.		Municipal Magistrate	1,000,000	(A)
Elizabeth Tommasi		Court Administrator	1,000,000	(A)
Lena Creer		Deputy Administrator	1,000,000	(A)
Kyle Godfrey		Deputy Administrator	1,000,000	(A)
Shared Services:				
Medford Township		Construction Code Official		
Medford Township		Assessor		
Douglas L. Heinold		Solicitor		

All Bonds were examined and properly executed.

(A) The Borough has a Crime Policy - Excess Public Officials Bond in the amount of \$1,000,000 subject to a \$1,000 deductible with the Camden County Municipal Joint Insurance Fund. This policy covers all employees.

ACKNOWLEDGEMENT

We express our appreciation for the assistance and courtesies extended to us by the Borough Officials during the course of our audit.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountant



Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant