

BOROUGH OF CHESTER
SUMMARY OR SYNOPSIS OF AUDIT REPORT FOR PUBLICATION

Attention is directed to the fact that a Summary or Synopsis of the Audit Report together with the recommendations is the minimum required to be published pursuant to N.J.S. 40A:5-7.

Summary or Synopsis of 2020 Audit Report of Chester Borough, Morris County as required
by N.J.S. 40A:5-7.

Combined Comparative Balance Sheet - Regulatory Basis

	December 31,	
	2020	2019
<u>ASSETS:</u>		
Assets:		
Cash and Cash Equivalents	\$ 6,974,545.62	\$ 6,258,535.90
Tax and Utility Receivables	49,096.12	219,819.93
Property Acquired for Taxes at Assessed Valuation	181,200.00	181,200.00
Accounts and Grants Receivable	376,599.94	218,427.17
Fixed Capital	4,267,313.96	3,841,447.99
Fixed Capital Authorized and Uncompleted	2,064,000.00	2,389,865.97
Deferred Charges	75,112.56	8,188.78
Deferred Charges to Future Taxation - Capital	6,433,800.00	3,858,300.00
General Fixed Assets	20,752,912.00	20,752,912.00
 TOTAL ASSETS	 \$ 41,174,580.20	 \$ 37,728,697.74
 <u>LIABILITIES, RESERVES AND FUND BALANCE:</u>		
Bonds and Notes Payable	\$ 3,875,800.00	\$ 4,068,300.00
Improvement Authorizations	3,940,748.38	1,104,036.19
Other Liabilities and Special Funds	2,034,028.39	1,198,057.75
Deferred Reserve for Amortization	1,689,000.00	2,109,865.97
Reserve for Amortization	5,706,048.46	5,080,233.84
Reserve for Certain Assets Receivable	414,453.30	533,374.34
Investment in General Fixed Assets	20,752,912.00	20,752,912.00
Fund Balances	2,761,589.67	2,881,917.65
 TOTAL LIABILITIES, RESERVES AND FUND BALANCE	 \$ 41,174,580.20	 \$ 37,728,697.74

BOROUGH OF CHESTER
SUMMARY OR SYNOPSIS OF AUDIT REPORT FOR PUBLICATION
(Continued)

Comparative Schedule of Operations and Change in Fund Balance - Regulatory Basis - Current Fund

	Year Ended December 31,	
	2020	2019
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 656,000.00	\$ 406,000.00
Miscellaneous Revenue Anticipated	548,778.10	732,775.40
Receipts from:		
Delinquent Taxes	219,819.93	145,769.26
Current Taxes	10,871,313.38	10,363,630.77
Nonbudget Revenue	35,268.43	183,929.02
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	327,459.97	321,407.58
Tax Overpayments Cancelled		1,742.30
Prior Year Interfunds Returned	2,406.53	19,527.74
	12,661,046.34	12,174,782.07
<u>Expenditures</u>		
Budget Appropriations:		
Municipal Purposes	4,776,796.48	4,476,563.26
County Taxes	1,027,354.08	1,012,471.16
Local School District Taxes	3,814,899.00	3,659,593.00
Regional School District Taxes	2,210,096.00	2,103,650.00
Municipal Open Space Taxes	40,406.12	39,868.27
Interfunds Advanced	85,508.88	2,406.53
Refund of Prior Year Revenue	19,880.39	26,137.53
	11,974,940.95	11,320,689.75
Excess in Revenue	686,105.39	854,092.32
<u>Fund Balance</u>		
Balance January 1	1,880,277.36	1,432,185.04
	2,566,382.75	2,286,277.36
Decreased by:		
Utilized as Anticipated Revenue	656,000.00	406,000.00
	\$ 1,910,382.75	\$ 1,880,277.36

BOROUGH OF CHESTER
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(Continued)

Comparative Schedule of Operations and Change in Fund Balance - Regulatory Basis
Sewer Utility Operating Fund

	Year Ended December 31,	
	2020	2019
<u>Revenue and Other Income Realized</u>		
Surplus Anticipated	\$ 111,100.00	\$ 40,300.00
Sewer User Fees	348,640.27	280,930.38
Significant User Fees	58,109.83	97,080.55
Miscellaneous Revenue Not Anticipated	8,384.45	24,928.00
Other Credits to Income:		
Cancellation of Accounts Payable	30,000.00	30,000.00
Unexpended Balance of Appropriation Reserves	7,810.49	478.39
	564,045.04	473,717.32
<u>Expenditures</u>		
Budget Expenditures:		
Operating	469,300.00	433,500.00
Capital Improvements	30,000.00	30,000.00
Deferred Charges and Statutory Expenditures	1,800.00	1,800.00
Overexpenditure of Appropriation Reserve		8,188.78
	501,100.00	473,488.78
Excess in Revenue	62,945.04	228.54
Adjustment to Excess in Revenue Before Fund Balance:		
Expenditures included above which are by Statute		
Deferred Charges to Budget of Succeeding Year		8,188.78
		8,188.78
Statutory Excess to Fund Balance	62,945.04	8,417.32
<u>Fund Balance</u>		
Balance January 1	614,720.03	686,602.71
	677,665.07	695,020.03
Decreased by:		
Utilized as Anticipated Revenue	111,100.00	40,300.00
Utilized as Anticipated Revenue - Current Fund	60,000.00	40,000.00
	\$ 506,565.07	\$ 614,720.03
Balance December 31	\$ 506,565.07	\$ 614,720.03

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(Continued)

Comparative Schedule of Operations and Change in Fund Balance - Regulatory Basis

Solid Waste Utility Operating Fund

	Year Ended December 31,	
	2020	2019
<u>Revenue and Other Income Realized</u>		
Fund Balance Utilized	\$ 7,100.00	\$ 7,100.00
Rents	144,676.74	141,431.05
Miscellaneous Revenue Not Anticipated	10,548.42	13,626.56
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	996.43	7,022.99
Total Income	163,321.59	169,180.60
<u>Expenditures</u>		
Budget Expenditures:		
Operating	146,800.00	142,100.00
Statutory Expenditures	700.00	500.00
Total Expenditures	147,500.00	142,600.00
Excess in Revenue	15,821.59	26,580.60
<u>Fund Balance</u>		
Balance January 1	54,007.35	34,526.75
Decreased by:		
Utilized as Anticipated Revenue	7,100.00	7,100.00
Balance December 31	\$ 62,728.94	\$ 54,007.35

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(Continued)

Comparative Schedule of Operations and Change in Fund Balance - Regulatory Basis

Swimming Pool Utility Operating Fund

	Year Ended December 31,	
	2020	2019
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 51,000.00	\$ 50,000.00
Swimming Pool User Fees	144,341.92	297,529.96
Miscellaneous Revenue Not Anticipated	34,403.74	112,320.19
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	17,532.25	89,980.14
Cancellation of Prior Year Accounts Payable	1,798.31	
	249,076.22	549,830.29
 <u>Expenditures</u>		
Budget Expenditures:		
Operating	275,000.00	348,200.00
Capital Improvements	20,000.00	20,000.00
Statutory Expenditures	21,000.00	21,400.00
	316,000.00	389,600.00
Total Expenditures		
	316,000.00	389,600.00
Excess/(Deficit) in Revenue	(66,923.78)	160,230.29
Adjustment to Excess Before Fund Balance:		
Included above which is by Statute a		
Deferred Charge to Budget of Succeeding Year - Deficit in Operations	\$ 66,923.78	
Statutory Excess to Fund Balance		160,230.29
 <u>Fund Balance</u>		
Balance January 1	316,694.65	206,464.36
	316,694.65	366,694.65
Decreased by:		
Utilized as Anticipated Revenue	51,000.00	50,000.00
Balance December 31	\$ 265,694.65	\$ 316,694.65

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(Continued)

It is recommended that:

1. An adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. A monthly cash receipts ledger is prepared for the Clerk's Office collections, monthly reports are submitted for all outside offices, and all outside department ledgers are reconciled to the Finance Office's records on a monthly basis.
3. Every effort be made to ensure that the bank reconciliation balances are in agreement with the general ledger cash balances for the Current Fund and Other Trust Funds on a monthly basis.

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A Corrective Action Plan, which outlines actions the Borough of Chester will take to correct the findings listed above, will be prepared in accordance with federal and state requirements. A copy of it will be placed on file and made available for public inspection in the office of the Municipal Clerk in the Borough of Chester within 45 days of this notice.

The above summary or synopsis was prepared from the Report of Audit of the Borough of Chester, County of Morris, for the calendar year 2020. This Report of Audit, submitted by Heidi A. Wohlleb, Registered Municipal Accountants, of Nisivoccia LLP, is on file at the Borough Clerk's office and may be inspected by any interested person.

Denean Probasco, RMC
Municipal Clerk