

*BOROUGH OF CHESTER*

*COUNTY OF MORRIS*

*REPORT OF AUDIT*

*2024*

*NISIVOCCIA LLP  
CERTIFIED PUBLIC ACCOUNTANTS*

BOROUGH OF CHESTER

COUNTY OF MORRIS

REPORT OF AUDIT

2024

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BOROUGH OF CHESTER

PART I

INDEPENDENT AUDITORS' REPORT AND FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2024

## Independent Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Chester  
Chester, New Jersey

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements – *regulatory basis* - of the various funds and account group of the Borough of Chester, in the County of Morris (the "Borough") as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

#### *Unmodified Opinions on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Borough as of December 31, 2024 and 2023, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund and account group of the Borough as of December 31, 2024 and 2023, or the changes in financial position or where applicable, cash flows thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Division and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws 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 and pervasive.

### ***Responsibilities of Management 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 (the "Division") to demonstrate compliance with the Division's regulatory basis of accounting, and the budget laws 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 Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

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

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents and the schedules of expenditures of federal and state awards, 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2025 on our consideration of the Borough's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough's internal control over financial reporting and compliance.

Mount Arlington, New Jersey  
May 21, 2025

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*

Heidi A. Wohlleb  
Registered Municipal Accountant No. 481  
Certified Public Accountant

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
CURRENT FUND

BOROUGH OF CHESTER  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

		December 31,	
		2024	2023
	Ref.		
<u>ASSETS</u>			
Regular Fund:			
Cash and Cash Equivalents:			
Treasurer	A-4	\$ 3,701,156.11	\$ 3,623,632.34
Change Fund		100.00	100.00
		<u>3,701,256.11</u>	<u>3,623,732.34</u>
Due from State of New Jersey - Senior Citizens' and Veterans' Deductions			
		310.01	
		<u>3,701,566.12</u>	<u>3,623,732.34</u>
Receivables and Other Assets With Full Reserves:			
Delinquent Property Taxes Receivable	A-7	55,366.89	85,124.96
Property Acquired for Taxes at Assessed Valuation		181,200.00	181,200.00
Revenue Accounts Receivable	A-9	17,332.04	9,839.66
Due from Federal and State Grant Fund	A	25,727.48	
Due from General Capital Fund	C	2,004.66	
Due from Sewer Utility Capital Fund	D	40,000.00	
Total Receivables and Other Assets With Full Reserves		<u>321,631.07</u>	<u>276,164.62</u>
Deferred Charges:			
Overexpenditure of Appropriation Reserve	A-11	11,776.76	
		<u>11,776.76</u>	
Total Regular Fund		<u>4,034,973.95</u>	<u>3,899,896.96</u>
Federal and State Grant Fund:			
Grants Receivable	A-14	96,596.04	154,521.04
Due from Current Fund	A		16,258.34
Due from General Capital Fund	C	71,628.63	
Total Federal and State Grant Fund		<u>168,224.67</u>	<u>170,779.38</u>
<u>TOTAL ASSETS</u>		<u>\$ 4,203,198.62</u>	<u>\$ 4,070,676.34</u>

BOROUGH OF CHESTER  
CURRENT FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2024</u>	<u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Regular Fund:			
Appropriation Reserves:			
Encumbered	A-3;A-11	\$ 43,426.07	\$ 73,203.75
Unencumbered	A-3;A-11	436,634.76	303,916.25
		<u>480,060.83</u>	<u>377,120.00</u>
Prepaid Taxes		80,007.78	92,275.47
County Taxes Payable		660.12	3,601.60
Accounts Payable		600.00	
Due to State of New Jersey:			
Marriage License Fees		25.00	75.00
Department of Community Affairs Training Fees		3,188.30	6,061.30
Veteran and Senior Citizens Deductions			189.99
Due to Federal and State Grant Fund	A		16,258.34
Due to Other Trust Funds	B	13,340.50	85,200.77
Due to General Capital Fund	C		108,769.88
Reserve for Municipal Relief Fund Aid			15,235.77
Reserve For Fire Prevention Penalties		385.00	385.00
		<u>578,267.53</u>	<u>705,173.12</u>
Reserve for Receivables and Other Assets	A	321,631.07	276,164.62
Fund Balance	A-1	3,135,075.35	2,918,559.22
		<u>4,034,973.95</u>	<u>3,899,896.96</u>
Total Regular Fund			
Federal and State Grant Fund:			
Due to Current Fund	A	25,727.48	
Appropriated Reserves	A-16	137,674.89	150,957.08
Unappropriated Reserves	A-15	4,822.30	19,822.30
		<u>168,224.67</u>	<u>170,779.38</u>
Total Federal and State Grant Fund		<u>168,224.67</u>	<u>170,779.38</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,203,198.62</u>	<u>\$ 4,070,676.34</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
CURRENT FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE  
IN FUND BALANCE - REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized		\$ 697,307.23	\$ 713,460.00
Miscellaneous Revenue Anticipated		727,117.46	1,156,869.45
Receipts from:			
Delinquent Taxes		85,124.96	100,374.64
Current Taxes		11,367,082.30	11,464,779.11
Nonbudget Revenue		60,949.64	171,534.03
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		304,701.64	424,916.40
		<u>13,242,283.23</u>	<u>14,031,933.63</u>
<u>Expenditures</u>			
Budget Appropriations:			
Municipal Purposes		4,971,558.89	5,171,540.93
County Taxes		1,163,018.08	1,119,012.67
Consolidated School District Taxes		3,980,382.00	4,227,002.00
Regional High School District Taxes		2,099,032.00	2,177,827.00
Municipal Open Space Taxes		46,736.76	44,000.19
Interfunds Advanced		67,732.14	
Overexpenditure of Appropriation Reserves		11,776.76	
Prior Year Other Trust Funds Interfund Receivable Cancelled			4.83
Refund of Prior Year Revenue			120.00
		<u>12,340,236.63</u>	<u>12,739,507.62</u>
Excess in Revenue		902,046.60	1,292,426.01
Adjustment to Excess in Revenue Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Overexpenditure of Appropriation Reserves		11,776.76	
Statutory Excess to Fund Balance		913,823.36	1,292,426.01
<u>Fund Balance</u>			
Balance January 1		2,918,559.22	2,339,593.21
		3,832,382.58	3,632,019.22
Decreased by:			
Utilized as Anticipated Revenue		697,307.23	713,460.00
Balance December 31	A	<u>\$ 3,135,075.35</u>	<u>\$ 2,918,559.22</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 697,307.23		\$ 697,307.23	
Miscellaneous Revenue:				
Alcoholic Beverage Licenses	7,500.00		12,750.00	\$ 5,250.00
Other Licenses	7,000.00		8,248.00	1,248.00
Municipal Court - Fines and Costs	15,000.00		37,176.47	22,176.47
Interest and Costs on Taxes	19,000.00		34,034.08	15,034.08
Interest on Investments and Deposits	50,000.00		222,243.50	172,243.50
Board of Health Fees	2,000.00		23,717.50	21,717.50
Payments in Lieu of Taxes - Robert Cole Apartments	27,000.00		35,283.15	8,283.15
Rental - School Board	80,000.00		90,108.00	10,108.00
Windy Acres Pad Rental	7,500.00			7,500.00 *
Antenna Rental	37,000.00			37,000.00 *
NJ American Water Rental	9,000.00			9,000.00 *
Energy Receipts Taxes	147,813.00		147,813.12	0.12
Reserve for Municipal Relief Fund Aid	15,235.77		15,235.77	
Uniform Construction Code Fees	39,000.00		30,689.00	8,311.00 *
Clean Communities Program		\$ 5,456.64	5,456.64	
Recycling Tonnage Grant	4,362.23		4,362.23	
American Rescue Plan Funds	19,809.14			19,809.14 *
Stormwater Assistance Grant	15,000.00		15,000.00	
Local Recreation Improvement Grant	15,000.00		15,000.00	
Utility Operating Surplus of Prior Year	30,000.00		30,000.00	
	<u>547,220.14</u>	<u>5,456.64</u>	<u>727,117.46</u>	<u>174,440.68</u>

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Budget	Added by N.J.S.A 40A:4-87	Realized	Excess or Deficit *
Receipts from Delinquent Taxes	\$ 45,000.00		\$ 85,124.96	\$ 40,124.96
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	3,970,498.99		4,341,902.53	371,403.54
Minimum Library Tax	156,010.93		156,010.93	
Total Amount to be Raised by Taxes for Support of Municipal Budget	4,126,509.92		4,497,913.46	371,403.54
Budget Totals	5,416,037.29	\$ 5,456.64	6,007,463.11	585,969.18
Nonbudget Revenue			60,949.64	60,949.64
	<u>\$ 5,416,037.29</u>	<u>\$ 5,456.64</u>	<u>\$ 6,068,412.75</u>	<u>\$ 646,918.82</u>

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Allocation of Current Tax Collections:		
Revenue from Collection of Current Taxes		\$ 11,367,082.30
Allocated to:		
Local School District Taxes	\$ 3,980,382.00	
Regional High School District Taxes	2,099,032.00	
Municipal Open Space Taxes	46,736.76	
County of Morris Taxes	<u>1,163,018.08</u>	
		<u>7,289,168.84</u>
Balance for Support of Municipal Budget		4,077,913.46
Add: Appropriation "Reserve for Uncollected Taxes"		<u>420,000.00</u>
Realized for Support of Municipal Budget		<u><u>\$ 4,497,913.46</u></u>
Interest on Investments:		
Collected by Treasurer		\$ 220,209.86
Due from Other Trust Funds		28.98
Due from General Capital Fund		<u>2,004.66</u>
Total Interest on Investments		<u><u>\$ 222,243.50</u></u>
Analysis of Nonbudget Revenue:		
Treasurer:		
Recreation Fees	\$ 13,550.48	
Fees - Including Clerk Fees	13,536.98	
Cable TV Franchise Fee	3,035.99	
Senior Citizen and Veteran Deductions Administrative Fees	145.00	
Escrow Application Fees	2,000.00	
Tax Assessor Fees	60.00	
Borough Lease with Sports Association (CMSA)	1,000.00	
Prior Year Appropriation Refunds	596.77	
Sale of Municipal Assets	15,200.00	
Other Miscellaneous	11,459.42	
		\$ 60,584.64
Tax Collector:		
Duplicate Bills and Other Miscellaneous		<u>365.00</u>
		<u><u>\$ 60,949.64</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS":					
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 104,250.00	\$ 132,750.00	\$ 132,658.41	\$ 91.59	
Other Expenses	18,300.00	18,300.00	14,790.97	3,509.03	
Mayor and Council:					
Salaries & Wages	28,841.00	28,841.00	26,865.50	1,975.50	
Other Expenses	7,000.00	7,000.00	847.43	6,152.57	
Municipal Clerk:					
Salaries & Wages	77,000.00	73,000.00	72,227.11	772.89	
Other Expenses	26,000.00	26,000.00	22,403.95	3,596.05	
Financial Administration:					
Salaries & Wages	65,000.00	74,500.00	73,841.79	658.21	
Other Expenses	18,550.00	12,550.00	7,853.28	4,696.72	
Annual Audit	24,735.00	24,735.00	21,940.00	2,795.00	
Collection of Taxes:					
Salaries & Wages	45,000.00	38,250.00	38,249.85	0.15	
Other Expenses	9,350.00	9,350.00	6,179.79	3,170.21	
Assessment of Taxes:					
Salaries & Wages	33,400.00	33,400.00	33,379.92	20.08	
Other Expenses	38,700.00	33,700.00	22,325.87	11,374.13	
Legal Services and Costs:					
Other Expenses - Fees	120,000.00	117,000.00	108,910.32	8,089.68	
Engineering Services and Costs:					
Other Expenses	30,000.00	37,750.00	33,313.55	4,436.45	

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
GENERAL GOVERNMENT (Continued):					
General Services:					
Other Expenses	\$ 70,500.00	\$ 64,500.00	\$ 54,709.11	\$ 9,790.89	
LAND USE ADMINISTRATION:					
Municipal Land Use Law (N.J.S.A. 40:55D-1):					
Planning Board:					
Salaries & Wages	13,500.00	13,500.00	8,030.69	5,469.31	
Other Expenses	32,500.00	22,500.00	9,292.25	13,207.75	
Zoning Officer and Costs:					
Salaries & Wages	25,000.00	25,000.00	21,290.77	3,709.23	
Other Expenses	1,200.00	1,200.00	966.89	233.11	
Environmental Commission:					
Other Expenses	1,000.00	1,000.00	144.00	856.00	
Insurance (P.L. 2003, C.92):					
Liability Insurance	69,300.00	69,300.00	68,371.60	928.40	
Group Insurance for Employees	588,637.60	585,837.60	453,401.96	132,435.64	
Health Benefit Waivers	10,000.00	10,000.00		10,000.00	
PUBLIC SAFETY:					
Police:					
Other Expenses	1,379,543.79	1,379,543.79	1,356,206.50	23,337.29	
Police Dispatch/911	80,000.00	80,000.00	76,088.25	3,911.75	
Emergency Management Services:					
Salaries & Wages	3,460.00	3,460.00	3,460.00		
Other Expenses	4,000.00	4,000.00	0.32	3,999.68	

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
<b>PUBLIC SAFETY:</b>					
Aid to Volunteer Fire Company:					
Other Expenses	\$ 47,000.00	\$ 47,000.00	\$ 45,517.50	\$ 1,482.50	
Aid to Volunteer Ambulance Companies:					
Other Expenses	22,920.00	22,920.00	21,000.00	1,920.00	
<b>PUBLIC WORKS:</b>					
Road Repair and Maintenance:					
Salaries and Wages	327,840.00	327,840.00	285,164.99	42,675.01	
Other Expenses	114,750.00	114,750.00	78,266.44	36,483.56	
Traffic Light:					
Other Expenses	5,000.00	5,000.00		5,000.00	
Shade Tree Commission :					
Other Expenses	18,150.00	18,150.00	13,834.00	4,316.00	
Public Building and Grounds:					
Other Expenses	65,500.00	80,500.00	72,082.63	8,417.37	
Vehicle Maintenance:					
Other Expenses	12,000.00	17,000.00	11,572.11	5,427.89	
Community Services Act - Condo Costs:					
Kelly Bill - Chester Towne	400.00	400.00		400.00	
<b>HEALTH AND HUMAN SERVICES:</b>					
Board of Health:					
Salaries & Wages	20,000.00	5,000.00	2,973.37	2,026.63	
Other Expenses	57,200.00	57,200.00	51,294.93	5,905.07	

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
PARK AND RECREATION:					
Recreation Committee:					
Salaries & Wages	\$ 25,750.00	\$ 25,750.00	\$ 25,750.00		
Other Expenses	19,200.00	24,200.00	19,304.00	\$ 4,896.00	
OTHER COMMON OPERATING FUNCTIONS:					
Accumulated Leave Compensation:					
Other Expenses	5,000.00	5,000.00	5,000.00		
Celebration of Public Events:					
Other Expenses	10,000.00	12,000.00	11,055.55	944.45	
UNCLASSIFIED:					
Utilities	98,000.00	102,800.00	76,694.22	26,105.78	
Fire Hydrant	47,000.00	52,000.00	51,954.00	46.00	
UNIFORM CONSTRUCTION CODE:					
State Uniform Construction Code:					
Construction Official:					
Salaries & Wages	107,000.00	95,000.00	93,438.45	1,561.55	
Other Expenses	1,600.00	1,600.00	777.78	822.22	
Electrical Inspector:					
Other Expenses	15,000.00	1,000.00		1,000.00	
Total Operations Within "CAPS"	3,944,077.39	3,942,077.39	3,533,430.05	408,647.34	
Contingent	5,000.00	5,000.00		5,000.00	
Total Operations including Contingent within "CAPS"	3,949,077.39	3,947,077.39	3,533,430.05	413,647.34	

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Within "CAPS" (Continued):					
Detail:					
Salaries & Wages	\$ 891,041.00	\$ 891,291.00	\$ 822,330.85	\$ 68,960.15	
Other Expenses	3,058,036.39	3,055,786.39	2,711,099.20	344,687.19	
Deferred Charges and Statutory Expenditures - Municipal Within "CAPS":					
Statutory Expenditures:					
Contribution to:					
Public Employees' Retirement System	78,112.00	80,112.00	78,296.59	1,815.41	
Social Security System (O.A.S.I.)	79,845.60	79,845.60	61,707.71	18,137.89	
Defined Contribution Retirement Program	2,500.00	2,500.00	2,298.93	201.07	
Unemployment Insurance	2,000.00	2,000.00	2,000.00		
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	162,457.60	164,457.60	144,303.23	20,154.37	
Total General Appropriations for Municipal Purposes Within "CAPS"	4,111,534.99	4,111,534.99	3,677,733.28	433,801.71	
Operations Excluded from "CAPS":					
Maintenance of Joint Free Public Library	156,010.93	156,010.93	156,010.93		
Length of Service Awards Program	22,500.00	22,500.00	19,928.95	2,571.05	
Shared Service Agreement:					
Chester Township - Court	80,500.00	80,500.00	80,238.00	262.00	

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operations Excluded from "CAPS" (Continued):					
State and Federal Programs Offset by Revenues:					
Local Recreation Improvement Grant	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00		
Clean Communities Program (N.J.S.A. 40A:4-87 + \$5,456.64)		5,456.64	5,456.64		
Stormwater Assistance Grant	15,000.00	15,000.00	15,000.00		
American Rescue Plan Funds	19,809.14	19,809.14			\$ 19,809.14
Recycling Tonnage Grant	4,362.23	4,362.23	4,362.23		
Total Operations Excluded from "CAPS"	313,182.30	318,638.94	295,996.75	\$ 2,833.05	19,809.14
Detail:					
Other Expenses	313,182.30	318,638.94	295,996.75	2,833.05	19,809.14
Capital Improvements - Excluded from "CAPS":					
Capital Improvement Fund	140,000.00	140,000.00	140,000.00		
Total Capital Improvements - Excluded from "CAPS"	140,000.00	140,000.00	140,000.00		
Municipal Debt Service - Excluded from "CAPS":					
Payment of Bond Principal	260,000.00	260,000.00	260,000.00		7,000.00
Payment of Bond Anticipation Notes and Capital Notes	114,320.00	114,320.00	107,320.00		437.74
Interest on Notes	33,000.00	33,000.00	32,562.26		2,688.16
Interest on Bonds	24,000.00	24,000.00	21,311.84		
Total Municipal Debt Service - Excluded from "CAPS"	431,320.00	431,320.00	421,194.10		10,125.90

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Appropriations		Expended By		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Total General Appropriations - Excluded from "CAPS"	\$ 884,502.30	\$ 889,958.94	\$ 857,190.85	\$ 2,833.05	\$ 29,935.04
Subtotal General Appropriations	4,996,037.29	5,001,493.93	4,534,924.13	436,634.76	29,935.04
Reserve for Uncollected Taxes	420,000.00	420,000.00	420,000.00		
Total General Appropriations	\$ 5,416,037.29	\$ 5,421,493.93	\$ 4,954,924.13	\$ 436,634.76	\$ 29,935.04

Ref.

A

BOROUGH OF CHESTER  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

		Analysis of:	
	<u>Ref.</u>	Budget After Modification	Paid or Charged
Adopted Budget		\$ 5,416,037.29	
Added by N.J.S.A. 40A:4-87		5,456.64	
		\$ 5,421,493.93	
Reserve for Uncollected Taxes			\$ 420,000.00
Reserve for Encumbrances	A		43,426.07
Due to Federal and State Grant Fund			39,818.87
Cash Disbursed			4,460,003.33
			4,963,248.27
Less: Appropriation Refunds			8,324.14
			\$ 4,954,924.13

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
TRUST FUNDS

BOROUGH OF CHESTER  
TRUST FUNDS  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2024	2023
<u>ASSETS</u>			
Animal Control Fund:			
Cash and Cash Equivalents	B-1	\$ 2,192.80	\$ 307.80
		<u>2,192.80</u>	<u>307.80</u>
Other Trust Funds:			
Cash and Cash Equivalents	B-1	1,358,140.76	1,334,130.43
Due from Current Fund	A	13,340.50	85,200.77
		<u>1,371,481.26</u>	<u>1,419,331.20</u>
<u>TOTAL ASSETS</u>		<u>\$ 1,373,674.06</u>	<u>\$ 1,419,639.00</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Animal Control Fund:			
Due to State of New Jersey		\$ 6.60	\$ 6.60
Reserve for Animal Control Expenditures	B-2	2,186.20	301.20
		<u>2,192.80</u>	<u>307.80</u>
Other Trust Funds:			
Reserve for Developers Escrow		257,161.79	254,840.80
Reserve for Open Space		250,695.59	207,284.50
Reserve for Tax Sale Premiums		7,100.00	31,100.00
Reserve for Unemployment Compensation Insurance		8,509.02	5,433.36
Reserve for Accumulated Leave Compensation		10,800.74	12,474.63
Reserve for Parking Offenses Adjudication Act		604.00	544.00
Reserve for Recreation		102,435.61	197,818.21
Reserve for Larry Masey		2,638.80	2,511.12
Reserve for Housing Trust		636,818.96	619,411.11
Reserve for Public Defender		338.87	322.61
Reserve for Storm Recovery		94,377.88	87,590.86
		<u>1,371,481.26</u>	<u>1,419,331.20</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 1,373,674.06</u>	<u>\$ 1,419,639.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
GENERAL CAPITAL FUND

BOROUGH OF CHESTER  
GENERAL CAPITAL FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

<u>ASSETS</u>	<u>Ref.</u>	December 31,	
		2024	2023
Cash and Cash Equivalents	C-2	\$ 621,682.64	\$ 580,275.31
Due to Current Fund	A		108,769.88
Due to Sewer Utility Operating Fund	D		40,402.32
Due to Swimming Pool Utility Operating Fund	F		29,908.09
Due from State of New Jersey:			
Department of Transportation Grant Receivable		49,383.75	297,983.75
Deferred Charges to Future Taxation:			
Unfunded	C-4	865,330.00	654,400.00
Funded		2,155,000.00	2,415,000.00
<u>TOTAL ASSETS</u>		<u>\$ 3,691,396.39</u>	<u>\$ 4,126,739.35</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Serial Bonds Payable	C-8	\$ 2,155,000.00	2,415,000.00
Bond Anticipation Notes Payable	C-7	638,430.00	\$ 427,500.00
Improvement Authorizations:			
Funded	C-5	333,357.10	601,957.14
Unfunded	C-5	128,573.83	244,175.87
Due to Current Fund	A	2,004.66	
Due to Federal and State Grant Fund	A	71,628.63	
Capital Improvement Fund	C-6	145,568.50	186,568.50
Reserve for Green Acres Account		0.01	0.01
Reserve for Encumbrances		197,322.63	232,447.57
Fund Balance	C-1	19,511.03	19,090.26
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 3,691,396.39</u>	<u>\$ 4,126,739.35</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
GENERAL CAPITAL FUND  
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2023	C	\$ 19,090.26
Increased by:		
Premium on Bond Anticipation Notes		<u>420.77</u>
Balance December 31, 2024	C	<u>\$ 19,511.03</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
SEWER UTILITY FUND

BOROUGH OF CHESTER  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2024</u>	<u>2023</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	D-4	\$ 625,417.30	\$ 659,694.62
Due from Sewer Utility Capital Fund	D	2,560.56	2,174.54
		<u>627,977.86</u>	<u>661,869.16</u>
Receivables with Full Reserve:			
Consumer Accounts Receivable:			
Sewer Rents	D-6	86,088.22	88,119.46
Significant User Fees	D-6	6,834.49	14,425.87
		<u>92,922.71</u>	<u>102,545.33</u>
 Total Operating Fund		 <u>720,900.57</u>	 <u>764,414.49</u>
Capital Fund:			
Cash and Cash Equivalents	D-4	174,725.05	175,698.28
Fixed Capital	D-7	3,205,236.15	1,535,236.15
Fixed Capital Authorized and Uncompleted	D-8	100,000.00	1,770,000.00
		<u>3,479,961.20</u>	<u>3,480,934.43</u>
 Total Capital Fund		 <u>3,479,961.20</u>	 <u>3,480,934.43</u>
 <u>TOTAL ASSETS</u>		 <u>\$ 4,200,861.77</u>	 <u>\$ 4,245,348.92</u>

BOROUGH OF CHESTER  
SEWER UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2024</u>	<u>2023</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	D-3;D-9	\$ 27,559.88	\$ 14,999.33
Unencumbered	D-3;D-9	76,569.43	81,538.02
		<u>104,129.31</u>	<u>96,537.35</u>
Sewer Rent Overpayments			8.42
Accounts Payable			2,799.00
Due to General Capital Fund	C		40,402.32
Accrued Interest on Notes		1,498.28	2,774.44
		<u>105,627.59</u>	<u>142,521.53</u>
Reserve for Receivables	D	92,922.71	102,545.33
Fund Balance	D-1	522,350.27	519,347.63
		<u>720,900.57</u>	<u>764,414.49</u>
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	D-14	159,000.00	227,000.00
Improvement Authorizations:			
Funded	D-10		15,836.25
Unfunded	D-10	45,009.60	50,532.60
Due to Current Fund	A	40,000.00	
Due to Sewer Utility Operating Fund	D	2,560.56	2,174.54
Capital Improvement Fund	D-11	218,027.21	198,027.21
Deferred Reserve for Amortization	D-13	5,000.00	1,675,000.00
Reserve for Amortization	D-12	3,006,236.15	1,308,236.15
Reserve for Preliminary Expenses - Hydrogeological Study		2,985.68	2,985.68
Fund Balance	D-1A	1,142.00	1,142.00
		<u>3,479,961.20</u>	<u>3,480,934.43</u>
Total Capital Fund			
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 4,200,861.77</u>	<u>\$ 4,245,348.92</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SEWER UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2024	2023
<u>Revenue and Other Income Realized</u>			
Surplus Anticipated		\$ 123,550.00	\$ 113,832.00
Sewer User Fees		359,426.87	364,674.71
Significant User Fees		54,912.86	76,975.88
Miscellaneous Revenue Not Anticipated		44,282.27	42,548.53
Other Credits to Income:			
Cancellation of Accounts Payable		2,799.00	
Unexpended Balance of Appropriation Reserves		63,855.48	79,463.08
		<hr/>	<hr/>
Total Income		648,826.48	677,494.20
		<hr/>	<hr/>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		429,550.00	415,150.00
Capital Improvements		20,000.00	20,000.00
Debt Service		39,723.84	40,490.76
Deferred Charges and Statutory Expenditures		3,000.00	3,000.00
		<hr/>	<hr/>
Total Expenditures		492,273.84	478,640.76
		<hr/>	<hr/>
Excess in Revenue		156,552.64	198,853.44
		<hr/>	<hr/>
<u>Fund Balance</u>			
Balance January 1		519,347.63	464,326.19
		<hr/>	<hr/>
		675,900.27	663,179.63
Decreased by:			
Utilized as Anticipated Revenue		123,550.00	113,832.00
Utilized as Anticipated Revenue - Current Fund		30,000.00	30,000.00
		<hr/>	<hr/>
Balance December 31	D	\$ 522,350.27	\$ 519,347.63
		<hr/> <hr/>	<hr/> <hr/>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
STATEMENT OF SEWER CAPITAL FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2023	D	\$ 1,142.00
Balance December 31, 2024	D	<u>\$ 1,142.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SEWER UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	Anticipated	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 123,550.00	\$ 123,550.00	
Sewer User Fees	330,000.00	359,426.87	\$ 29,426.87
Significant User Fees	40,000.00	54,912.86	14,912.86
	493,550.00	537,889.73	44,339.73
Miscellaneous Revenue Not Anticipated		44,282.27	44,282.27
	\$ 493,550.00	\$ 582,172.00	\$ 88,622.00

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:

Interest on Investments

\$ 41,099.16

Interest on Penalties and Rents

622.55

\$ 41,721.71

Due from Sewer Utility Capital Fund:

Interest on Investments

2,560.56

\$ 44,282.27

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SEWER UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	<u>Appropriations</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
Operating:					
Salaries and Wages	\$ 20,000.00	\$ 20,000.00	\$ 4,942.67	\$ 15,057.33	
Other Expenses	409,550.00	409,550.00	350,659.79	58,890.21	
Capital Improvements:					
Capital Improvement Fund	20,000.00	20,000.00	20,000.00		
Debt Service:					
Payment on Bond Anticipation and Capital Notes	28,000.00	28,000.00	28,000.00		
Interest on Notes	13,000.00	13,000.00	11,723.84		\$ 1,276.16
Statutory Expenditures:					
Contribution to Social Security System (O.A.S.I.)	3,000.00	3,000.00	378.11	2,621.89	
	<u>\$ 493,550.00</u>	<u>\$ 493,550.00</u>	<u>\$ 415,704.41</u>	<u>\$ 76,569.43</u>	<u>\$ 1,276.16</u>

Ref.

D

Cash Disbursed	\$ 376,420.69
Encumbered	27,559.88
Accrued Interest on Bond Anticipation Notes	<u>11,723.84</u>
	<u>\$ 415,704.41</u>

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
SOLID WASTE UTILITY FUND

BOROUGH OF CHESTER  
SOLID WASTE UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	Ref.	December 31,	
		2024	2023
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	E-4	\$ 73,813.19	\$ 73,098.67
Receivable with Full Reserve:			
Consumer Accounts Receivable	E-5	12,874.50	8,622.75
Deferred Charges:			
Overexpenditure of Appropriations			8.09
Overexpenditure of Appropriation Reserves	E-6	10,973.49	
<u>TOTAL ASSETS</u>		<u>\$ 97,661.18</u>	<u>\$ 81,729.51</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	E-3;E-6		\$ 4,334.88
Unencumbered	E-3;E-6	\$ 40,016.59	247.68
		40,016.59	4,582.56
Overpayments		965.43	445.27
		40,982.02	5,027.83
Reserve for Receivables	E	12,874.50	8,622.75
Fund Balance	E-1	43,804.66	68,078.93
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 97,661.18</u>	<u>\$ 81,729.51</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SOLID WASTE UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS

	<u>Ref.</u>	<u>Year Ended December 31,</u>	
		<u>2024</u>	<u>2023</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	\$	45,858.09	\$ 20,000.00
Rents		168,908.25	170,531.00
Miscellaneous Revenue Not Anticipated		7,439.00	6,231.65
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		236.57	471.12
		<u>222,441.91</u>	<u>197,233.77</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		199,850.00	164,158.09
Deferred Charges		8.09	
Statutory Expenditures		1,000.00	700.00
Overexpenditure of Appropriation Reserve		10,973.49	
		<u>211,831.58</u>	<u>164,858.09</u>
Excess in Revenue		10,610.33	32,375.68
Adjustment to Excess in Revenue Before Fund Balance:			
Expenditures included above which are by Statute			
Deferred Charges to Budget of Succeeding Year:			
Overexpenditure of Appropriations			8.09
Overexpenditure of Appropriation Reserves		10,973.49	
		<u>21,583.82</u>	<u>32,383.77</u>
Statutory Excess to Fund Balance		21,583.82	32,383.77
<u>Fund Balance</u>			
Balance January 1		68,078.93	55,695.16
Decreased by:			
Utilized as Anticipated Revenue		45,858.09	20,000.00
Balance December 31	E	<u>\$ 43,804.66</u>	<u>\$ 68,078.93</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SOLID WASTE UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	Anticipated	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 45,858.09	\$ 45,858.09	
Rents	155,000.00	168,908.25	\$ 13,908.25
	200,858.09	214,766.34	13,908.25
Miscellaneous Revenue Not Anticipated		7,439.00	7,439.00
	\$ 200,858.09	\$ 222,205.34	\$ 21,347.25
 <u>Analysis of Rents:</u>			
Cash Received		\$ 168,462.98	
Overpayments Applied		445.27	
		\$ 168,908.25	
 <u>Analysis of Miscellaneous Revenue Not Anticipated:</u>			
Treasurer:			
Interest and Penalties on Rents	\$ 607.48		
Bulky Waste Fees	2,940.00		
Interest on Investments	3,891.52		
		\$ 7,439.00	

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SOLID WASTE UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	<u>Appropriations</u>		<u>Expended</u>	
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>
Operating:				
Salaries and Wages	\$ 6,500.00	\$ 6,500.00	\$ 1,395.47	\$ 5,104.53
Other Expenses	193,350.00	193,350.00	159,331.16	34,018.84
Deferred Charges:				
Overexpenditure of Appropriation	8.09	8.09	8.09	
Statutory Expenditures:				
Contribution to:				
Social Security System (O.A.S.I.)	1,000.00	1,000.00	106.78	893.22
	<u>\$ 200,858.09</u>	<u>\$ 200,858.09</u>	<u>\$ 160,841.50</u>	<u>\$ 40,016.59</u>

Ref.

E

Analysis of Paid or Charged:

Cash Disbursed	\$ 160,833.41
Deferred Charges - Overexpenditure of Appropriation	8.09
	<u>\$ 160,841.50</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS  
STATEMENT

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
SWIMMING POOL UTILITY FUND

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	<u>Ref.</u>	<u>December 31,</u>	
		<u>2024</u>	<u>2023</u>
<u>ASSETS</u>			
Operating Fund:			
Cash and Cash Equivalents	F-4	\$ 493,682.95	\$ 444,638.96
Due from Swimming Pool Utility Capital Fund	F	1,409.56	1,337.30
Deferred Charge:			
Overexpenditure of Appropriation Reserves	F-9	1,382.60	
Total Operating Fund		<u>496,475.11</u>	<u>445,976.26</u>
Capital Fund:			
Cash and Cash Equivalents	F-4	1,041,898.25	291,651.99
Fixed Capital	F-7	3,026,077.81	3,026,077.81
Fixed Capital Authorized and Uncompleted	F-8	980,000.00	230,000.00
Total Capital Fund		<u>5,047,976.06</u>	<u>3,547,729.80</u>
<u>TOTAL ASSETS</u>		<u>\$ 5,544,451.17</u>	<u>\$ 3,993,706.06</u>

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY FUND  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS  
(Continued)

	Ref.	December 31,	
		2024	2023
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves:			
Encumbered	F-3;F-9	\$ 28,735.39	\$ 965.03
Unencumbered	F-3;F-9	32,486.37	24,217.75
		<u>61,221.76</u>	<u>25,182.78</u>
Accrued Interest on Notes		1,976.31	2,025.21
Due to General Capital Fund	C		29,908.09
		<u>63,198.07</u>	<u>57,116.08</u>
Fund Balance	F-1	433,277.04	388,860.18
		<u>496,475.11</u>	<u>445,976.26</u>
Total Operating Fund			
Capital Fund:			
Bond Anticipation Notes Payable	F-14	893,000.00	168,000.00
Improvement Authorizations:			
Funded	F-10	152,149.62	220,700.00
Unfunded	F-10	716,249.80	
Due to Swimming Pool Utility Operating Fund	F	1,409.56	1,337.30
Capital Improvement Fund	F-11	102,459.19	67,459.19
Deferred Reserve for Amortization	F-13	230,000.00	230,000.00
Reserve for Amortization	F-12	2,883,077.81	2,858,077.81
Reserve for Encumbrances Payable	F-10	66,474.58	
Reserve for Preliminary Expenditures		2,155.50	2,155.50
Fund Balance	F-1A	1,000.00	
		<u>5,047,976.06</u>	<u>3,547,729.80</u>
Total Capital Fund			
		<u>5,047,976.06</u>	<u>3,547,729.80</u>
<u>TOTAL LIABILITIES, RESERVES AND FUND BALANCE</u>		<u>\$ 5,544,451.17</u>	<u>\$ 3,993,706.06</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY OPERATING FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -  
REGULATORY BASIS

	Ref.	Year Ended December 31,	
		2024	2023
<u>Revenue and Other Income Realized</u>			
Fund Balance Anticipated		\$ 172,750.00	\$ 160,000.00
Swimming Pool Fees		460,757.01	422,913.18
Miscellaneous Revenue Not Anticipated		115,871.53	108,817.71
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves		15,489.42	950.42
		<u>764,867.96</u>	<u>692,681.31</u>
<u>Expenditures</u>			
Budget Expenditures:			
Operating		450,950.00	396,950.00
Capital Improvements		35,000.00	25,000.00
Debt Service		35,751.10	31,000.00
Statutory Expenditures and Deferred Charges		26,000.00	26,000.00
Overexpenditure of Appropriation Reserve		1,382.60	
		<u>549,083.70</u>	<u>478,950.00</u>
Excess in Revenue		215,784.26	213,731.31
Adjustment to Excess in Revenue Before Fund Balance:			
Expenditures Included above which are by Statute a			
Deferred Charge to Budget of Succeeding Year -			
Overexpenditure of Appropriation Reserves		1,382.60	
		<u>217,166.86</u>	<u>213,731.31</u>
Statutory Excess to Fund Balance		217,166.86	213,731.31
<u>Fund Balance</u>			
Balance January 1		388,860.18	335,128.87
		<u>606,027.04</u>	<u>548,860.18</u>
Decreased by:			
Utilized as Anticipated Revenue		172,750.00	160,000.00
		<u>172,750.00</u>	<u>160,000.00</u>
Balance December 31	F	<u>\$ 433,277.04</u>	<u>\$ 388,860.18</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY CAPITAL FUND  
STATEMENT OF SEWER CAPITAL FUND BALANCE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	<u>Ref.</u>	
Increased by:		
Premium on Bond Anticipation Notes		\$ <u>1,000.00</u>
Balance December 31, 2024	D	\$ <u><u>1,000.00</u></u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY OPERATING FUND  
STATEMENT OF REVENUE - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	Anticipated	Realized	Excess or Deficit *
Fund Balance Anticipated	\$ 172,750.00	\$ 172,750.00	
Swimming Pool Fees	375,000.00	460,757.01	\$ 85,757.01
	547,750.00	633,507.01	85,757.01
Miscellaneous Revenue		115,871.53	115,871.53
	\$ 547,750.00	\$ 749,378.54	\$ 201,628.54

Analysis of Miscellaneous Revenue Not Anticipated:

Treasurer:

Swim Team/Lessons	\$ 27,305.00
Party Fees	3,600.00
Guest Fees	26,250.00
Chester Township Camp	1,500.00
Other Miscellaneous	13,410.58
Interest on Investments	42,396.39
	114,461.97

Due from Swimming Pool Utility Capital Fund:

Interest on Investments	1,409.56
	\$ 115,871.53

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY OPERATING FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2024

	Appropriations		Expended		Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Reserved	
Operating:					
Salaries and Wages	\$ 270,200.00	\$ 267,200.00	\$ 242,988.91	\$ 24,211.09	
Other Expenses	180,750.00	183,750.00	182,885.94	864.06	
Capital Improvements:					
Capital Improvement Fund	35,000.00	35,000.00	35,000.00		
Debt Service:					
Payment on Bond Anticipation and Capital Notes	25,000.00	25,000.00	25,000.00		
Interest on Notes	10,800.00	10,800.00	10,751.10		\$ 48.90
Statutory Expenditures:					
Contribution to Social Security System (O.A.S.I.)	26,000.00	26,000.00	18,588.78	7,411.22	
	<u>\$ 547,750.00</u>	<u>\$ 547,750.00</u>	<u>\$ 515,214.73</u>	<u>\$ 32,486.37</u>	<u>\$ 48.90</u>

Ref.

Analysis of Paid or Charged

Cash Disbursed	\$ 475,728.24
Encumbered	28,735.39
Accrued Interest on Notes	<u>10,751.10</u>
	<u>\$ 515,214.73</u>

F

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF CHESTER  
GENERAL FIXED ASSETS ACCOUNT GROUP  
COMPARATIVE BALANCE SHEET - REGULATORY BASIS

	December 31,	
	2024	(Restated) 2023
<u>ASSETS</u>		
Land	\$ 17,982,100.00	\$ 17,982,100.00
Buildings and Building Improvements	14,142,906.00	14,142,906.00
Machinery, Equipment and Vehicles	1,416,632.97	1,085,151.00
<u>TOTAL ASSETS</u>	<u>\$ 33,541,638.97</u>	<u>\$ 33,210,157.00</u>
 <u>RESERVES</u>		
Investment in General Fixed Assets	\$ 33,541,638.97	\$ 33,210,157.00
<u>TOTAL RESERVES</u>	<u>\$ 33,541,638.97</u>	<u>\$ 33,210,157.00</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS  
ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Chester include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Chester, as required by N.J.S. 40A:5-5. Accordingly, the financial statements of the Borough of Chester do not include the operations of the joint municipal library, or volunteer fire and first aid squads.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. As the financial reporting entity was established in accordance with New Jersey statutes, the requirements of GASB Codification Section 2100 were not followed and, accordingly, the reporting entity could be different from accounting principles generally accepted in the United States of America.

B. Description of Funds

The accounting policies of the Borough of Chester conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Such practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the Borough of Chester accounts for its financial transactions through the following separate funds:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

B. Description of Funds (Cont'd)

General Capital Fund - 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 - Account for the operations and acquisition of capital facilities of the municipally owned sewer utility.

Solid Waste Utility Operating Fund - Account for the operations of the municipally owned solid waste utility.

Swimming Pool Utility Operating and Capital Funds - Account for the operations and acquisition of capital facilities of the municipally owned swimming pool utility.

General Fixed Assets Account Group - These accounts were established with estimated values of land, building and certain fixed assets of the Borough as discussed in Note 1E.

C. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The more significant policies in New Jersey follow.

Revenue is recorded when received in cash except for certain amounts which may be due from the State of New Jersey. Grant revenue is realized in the Operating and Trust Funds on the cash basis, and in the capital funds when improvements are authorized. The amounts recorded as property taxes and consumer accounts receivable have not been included in revenue. Amounts that are due to the municipality which are susceptible of accrual are recorded as receivables with offsetting reserves in the Current Fund.

Expenditures are charged to operations based on budgeted amounts. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts are not accrued.
2. Prepaid expenses, such as insurance premiums applicable to subsequent periods, are charged to current budget appropriations in total.
3. Principal and interest on long-term debt are recognized when due.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

C. Basis of Accounting (Cont'd)

Expenditures, if any, in excess of appropriations, appropriation reserves or ordinances become deferred charges which must be raised by future taxes. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the statutory appropriation reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31 of each year and recorded as liabilities, except for amounts which may be cancelled 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.

Had the Borough's financial statements been prepared under accounting principles generally accepted in the United States of America, encumbrances would not be considered as expenditures; appropriation reserves would not be recorded; revenue susceptible to accrual would have been reflected without offsetting reserves; federal and state grants and assistance would be recognized when earned, not when budgeted; inventories would not be reflected as expenditures at the time of purchase, investments would generally be stated at fair value, fixed assets purchased by the Utility Capital Funds would be depreciated, lease receivables and deferred lease resources as well as the related revenue would be recorded for leases for which the Borough is a lessor and the Borough's net OPEB liability and net pension liability and related deferred inflows and outflows, where applicable, would be recorded.

The cash basis of accounting is followed in the Trust and Sewer Utility Capital Funds.

D. Deferred Charges to Future Taxation

The General Capital Fund balance sheet includes both funded and unfunded deferred charges. Funded means that bonds have been issued and are being paid off on a serial basis. Unfunded means the debt has been authorized but not permanently financed. A municipality can eliminate an unfunded deferred charge by raising it in the budget, or collecting a grant. The unfunded deferred charge may also be funded by selling bonds, by loans or by financed purchase agreements.

E. Other Significant Accounting Policies Include:

Management Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents – Amounts include petty cash, change funds, amounts on deposit, and short-term investments with original maturities of three months or less.

Investments – Investments are stated at cost.

Grants Receivable – Grants receivable represent total grant awarded less amounts collected to date. Because the amount of grant funds to be collected are dependent on the total costs eligible for reimbursement, the actual amount collected may be less than the total amounts awarded.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

E. Other Significant Accounting Policies Include: (Cont'd)

Allowance for Uncollectible Accounts – No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Compensated Absences - Expenditures relating to unused vested accumulated vacation and sick pay are not recorded until paid.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies is recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets Account Group - General fixed assets are recorded at historical cost or estimated historical cost. Infrastructure assets are not included in general fixed assets, as per state directive. Major renewals and betterments are charged to the asset accounts; maintenance and minor repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed currently. Donated fixed assets are valued at their fair market value on the date donated. No depreciation has been provided on general fixed assets.

The total value recorded for general fixed assets is offset by an "Investment in General Fixed Assets." When properties are retired or otherwise disposed of, the asset and the reserve are adjusted accordingly.

Assets recorded in the General Fixed Assets Account Group may also be recorded in the Current Fund, General Capital Fund, Sewer Utility Funds and Swimming Pool Utility Funds. The values recorded in the General Fixed Assets Account Group and the Current, General Capital, Sewer Utility and Swimming Pool Utility Funds may not always agree due to differences in valuation methods, timing of recognition of assets, and the recognition of infrastructures. Fixed assets are reviewed for impairment.

Property and equipment purchased by the Sewer Utility and Swimming Pool Utility Funds, are recorded in the capital accounts at cost and are not adjusted for dispositions and abandonments. The amounts shown do not purport to represent replacement costs or current value. Contributions in aid of construction are not capitalized. The balances in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represent charges to operations for the cost of acquisition of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

F. Budget/Budgetary Controls

Annual appropriated budgets are prepared in the 1st quarter for the Current, Open Space, and Utility

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 1: Summary of Significant Accounting Policies (Cont'd)

F. Budget/Budgetary Controls (Cont'd)

Operating Funds: The budgets are submitted to the governing body and the Division of Local Government Services. Budgets are prepared using the cash basis of accounting. The legal level of budgetary control is established at the line item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the flexible chart of accounts referenced in N.J.S.A. 40A. All budget amendments/transfers must be approved by the Borough during the year.

Note 2: Long-Term Debt

The Local Bond Law governs the issuance of bonds to finance general Borough capital expenditures. All bonds are retired in serial installments within the statutory period of usefulness. All bonds issued by the Borough are general obligation bonds. The Borough's full faith and credit and taxing power have been pledged to the payment of the general obligation debt principal and interest.

Summary of Municipal Debt

	December 31,		
	2024	2023	2022
<u>Issued</u>			
General - Bonds and Notes	\$ 2,793,430.00	\$ 2,842,500.00	\$ 2,778,320.00
Sewer Utility - Notes	159,000.00	227,000.00	255,000.00
Swimming Pool Utility - Notes	893,000.00	168,000.00	189,000.00
Total Issued	<u>3,845,430.00</u>	<u>3,237,500.00</u>	<u>3,222,320.00</u>
<u>Authorized but not Issued:</u>			
General	226,900.00	226,900.00	428,000.00
Sewer Utility	135,000.00	95,000.00	95,000.00
Swimming Pool Utility			
Total Authorized but not Issued	<u>361,900.00</u>	<u>321,900.00</u>	<u>523,000.00</u>
Net Bonds, and Notes Issued and Authorized but not Issued	<u>\$ 4,207,330.00</u>	<u>\$ 3,559,400.00</u>	<u>\$ 3,745,320.00</u>

Summary of Statutory Debt Condition – Annual Debt Statement

The summarized statement of debt condition, which follows, is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.623%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 2,031,633.95	\$ 2,031,633.95	
General Debt	3,020,330.00		\$ 3,020,330.00
Sewer Utility Debt	294,000.00	294,000.00	
Swimming Pool Utility Debt	893,000.00	893,000.00	
	<u>\$ 6,238,963.95</u>	<u>\$ 3,218,633.95</u>	<u>\$ 3,020,330.00</u>

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Statutory Debt Condition – Annual Debt Statement (Cont'd)

Net Debt \$3,020,330 divided by Average Equalized Valuation Basis per N.J.S. 40A:2-2 as amended, \$484,853,124 = 0.623%.

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

3-1/2% Average Equalized Valuation of Real Property	\$ 16,969,859.34
Net Debt	<u>3,020,330.00</u>
Remaining Borrowing Power	<u><u>\$ 13,949,529.34</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 Year	\$ 582,172.00
Deductions:	
Operating and Maintenance Costs	\$ 432,550.00
Debt Service	<u>39,723.84</u>
	<u>472,273.84</u>
Excess in Revenue	<u><u>\$ 109,898.16</u></u>

Calculation of "Self-Liquidating Purpose", Swimming Pool Utility Per N.J.S.A. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year	\$ 749,378.54
Deductions:	
Operating and Maintenance Costs	\$ 476,950.00
Debt Service	<u>35,751.10</u>
	<u>512,701.10</u>
Excess in Revenue	<u><u>\$ 236,677.44</u></u>

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

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

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 2: Long-Term Debt (Cont'd)

Summary of Municipal Debt Issued and Outstanding - Prior Year

Fund	Balance 12/31/22	Additions	Retirements	Balance 12/31/23
Serial Bonds:				
General Capital	\$ 2,670,000.00		\$ 255,000.00	\$ 2,415,000.00
Bond Anticipation Notes:				
General Capital	108,320.00	\$ 427,500.00	108,320.00	427,500.00
Sewer Utility Capital	255,000.00	227,000.00	255,000.00	227,000.00
Swimming Pool Utility Capital	189,000.00	168,000.00	189,000.00	168,000.00
	<u>\$ 3,222,320.00</u>	<u>\$ 822,500.00</u>	<u>\$ 807,320.00</u>	<u>\$ 3,237,500.00</u>

Summary of Municipal Debt Issued and Outstanding - Current Year

Fund	Balance 12/31/23	Additions	Retirements	Balance 12/31/24
Serial Bonds:				
General Capital	\$ 2,415,000.00		\$ 260,000.00	\$ 2,155,000.00
Bond Anticipation Notes:				
General Capital	427,500.00	\$ 638,430.00	427,500.00	638,430.00
Sewer Utility Capital	227,000.00	159,000.00	227,000.00	159,000.00
Swimming Pool Utility Capital	168,000.00	893,000.00	168,000.00	893,000.00
	<u>\$ 3,237,500.00</u>	<u>\$ 1,690,430.00</u>	<u>\$ 1,082,500.00</u>	<u>\$ 3,845,430.00</u>

The Borough's debt issued and outstanding on December 31, 2024, is described as follows:

General Capital Serial Bonds

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Refunding Bonds	02/01/32	0.809-1.994%	<u>\$ 2,155,000.00</u>

Swimming Pool Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Swimming Pool Improvements	10/10/25	4.137%	\$ 143,000.00
Pool Renovation Project	10/10/25	4.500%	750,000.00
			<u>\$ 893,000.00</u>

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 2: Long-Term Debt (Cont'd)

The Borough's debt issued and outstanding on December 31, 2024, is described as follows: (Cont'd)

General Capital Bond Anticipation Notes

Sewer Utility Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Various Sewer Improvements	10/10/25	4.137%	<u>\$ 159,000.00</u>

General Capital Bond Anticipation Notes

<u>Purpose</u>	<u>Final Maturity</u>	<u>Rate</u>	<u>Amount</u>
Fire Truck	10/10/25	4.137%	\$ 173,500.00
Fire Truck	10/10/25	4.137%	146,680.00
Purchase of Leaf Collection Truck	10/10/25	4.500%	318,250.00
			<u>\$ 638,430.00</u>
Total Debt Issued and Outstanding			<u>\$ 3,845,430.00</u>

Schedule of Annual Debt Service for Principal and Interest for the Next Five Years and Thereafter for Bonds Issued and Outstanding

<u>Calendar Year</u>	<u>General Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 260,000.00	\$ 30,768.26	\$ 290,768.26
2026	260,000.00	28,521.86	288,521.86
2027	260,000.00	25,724.26	285,724.26
2028	265,000.00	22,169.63	287,169.63
2029	270,000.00	20,217.90	290,217.90
2030-2032	840,000.00	32,282.10	872,282.10
	<u>\$ 2,155,000.00</u>	<u>\$ 159,684.01</u>	<u>\$ 2,314,684.01</u>

Note 3: Fund Balances Appropriated

The amount of fund balances at December 31, 2024 which are appropriated in the adopted budget for the year ending December 31, 2025 are as follows:

Current Fund	\$ 800,000.00
Sewer Utility Operating Fund	120,072.00
Solid Waste Utility Operating Fund	32,831.17
Swimming Pool Utility Operating Fund	210,769.60

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 4: Local School District Taxes and Regional High School Taxes

Regulations provide for the deferral of not more than 50% of the annual levy when school taxes are raised for a school year and have not been requisitioned by the school district.

The Borough of Chester has not elected to defer school taxes.

Note 5: Pension Plans

Borough employees participate in a contributory, defined benefit public employee retirement system: the State of New Jersey Public Employee’s Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s annual financial report which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The table on the following page 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 the respective tier.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning, with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$78,112.00 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$2,640 to the PERS for normal pension benefits on behalf of the Borough.

The employee contribution rate was 7.50% effective July 1, 2018.

Special Funding Situation

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities and Pension Expense

At June 30, 2023, the Borough's liability was \$846,525 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. The Borough's proportion of the net pension liability was based on

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities and Pension Expense (Cont'd)

a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2023, the Borough's proportion was .0058%, which was a decrease of 0.0020% from its proportion measured as of June 30, 2022. The Borough has rolled forward the net pension liability as of June 30, 2023 with no adjustments. The State of New Jersey Public Employees' Retirement System (PERS)' valuation cycle is July 1 instead of December 31. The roll forward methodology puts them a year in arrears in terms of valuation. The Division of Local Government Services, Department of Community Affairs, State of New Jersey is permitting municipalities and counties to include the June 30, 2023 information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this audit.

There was no state proportionate share of net pension liability attributable to the Borough as of June 30, 2023.

For the year ended December 31, 2024, the Borough recognized actual pension expense in the amount of \$78,112.

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% 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 a 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-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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 upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 5: Pension Plans (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

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 collective net pension liability as of June 30, 2023 calculated using the discount rate as disclosed below, 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 or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
Borough's proportionate share of the Net Pension Liability	\$ 1,133,155	\$ 846,525	\$ 668,319

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Defined Contribution Retirement Program (DCRP)

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

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the Borough recognized pension expense of \$2,298.93 for the year ended December 31, 2024. Employee contributions to DCRP amounted to \$4,403.85 for the year ended December 31, 2024.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 6: Accrued Vacation and Compensatory Time Benefits

The Borough of Chester has permitted employees to accrue unused sick time, which is paid to employees at retirement. It is estimated that the current cost of such unpaid compensation at December 31, 2024 would approximate \$14,779.79. This amount is not reported either as an expenditure or liability. It is expected that the cost of such unpaid compensation would be included in the Borough of Chester’s budget operating expenditures in the year in which it is used. This amount is partially reserved in the Reserve for Accumulated Leave Compensation of \$10,800.74 on the Trust Funds balance sheet at December 31, 2024.

Balance at December 31, 2023	\$ 50,607.17
Net Change	<u>(35,827.38)</u>
Balance at December 31, 2024	<u>\$ 14,779.79</u>
Amount Within One Year	<u><u>\$ -0-</u></u>

Note 7: Selected Tax Information

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 7th along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31.

Comparative Schedule of Tax Rate Information

	2024	2023	2022
<u>Tax Rate</u>	\$ 2.444	\$ 2.629	\$ 2.607
<u>Apportionment of Tax Rate</u>			
Municipal (includes Open Space)	0.893	0.913	0.974
County	0.250	0.256	0.245
Local School	0.852	0.964	0.872
Regional High School	0.449	0.496	0.516
<u>Assessed Valuations</u>			
2024	\$ 467,103,520.00		
2023		\$ 438,594,534.00	
2022			\$ 429,896,620.00

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

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 7: Selected Tax Information (Cont'd)

Comparative Schedule of Tax Rate Information (Cont'd)

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percentage of Collection</u>
2024	\$ 11,422,463.08	\$ 11,367,082.30	99.51%
2023	11,567,637.11	11,464,779.11	99.11%
2022	11,228,898.59	11,120,602.28	99.03%

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

Note 8: Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, money market accounts, and short-term investments with original maturities of three months or less.

Investments are stated at cost. The Borough classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the Borough in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial risk is the risk that in the event of bank failure, the government's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the Borough ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The Borough limits its investments to those authorized in its cash management plan which are permitted under state statutes as detailed on the following two pages.

Custodial Credit Risk – The Borough's policy with respect to custodial credit risk requires that the Borough ensures that the Borough's funds are only deposited in financial institutions in which New Jersey municipalities are permitted to invest their funds.

Deposits:

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey, which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Deposits: (Cont'd)

New Jersey statutes require that municipalities deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. Municipalities are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal 5% of the average daily balance of public funds on deposit, and

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Borough to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the local unit or bonds or other obligations of school districts of which the local unit is a part or within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law" P.L. 1983, c. 313 (C.40A:5A-1 et seq.) Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (6) Local government investment pools;

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 8: Cash and Cash Equivalents and Investments (Cont'd)

Investments: (Cont'd)

- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281(C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties and entities subject to the “Local Authorities Fiscal Control Law”, P.L. 1983 c.313 (C.40A:5A-1 et seq.);
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2024, cash and cash equivalents of the Borough of Chester consisted of the following:

Fund	Cash on Hand	Checking Accounts	Total
Current Fund	\$ 100.00	\$ 3,701,156.11	\$ 3,701,256.11
Animal Control Fund		2,192.80	2,192.80
Other Trust Funds		1,358,140.76	1,358,140.76
General Capital Fund		621,682.64	621,682.64
Sewer Utility Operating Fund		625,417.30	625,417.30
Sewer Utility Capital Fund		174,725.05	174,725.05
Solid Waste Utility Fund		73,813.19	73,813.19
Swimming Pool Utility Operating Fund		493,682.95	493,682.95
Swimming Pool Utility Capital Fund		1,041,898.25	1,041,898.25
	<u>\$ 100.00</u>	<u>\$ 8,092,709.05</u>	<u>\$ 8,092,809.05</u>

During the period ended December 31, 2024, the Borough did not hold any investments. The carrying amount of the Borough's cash and cash equivalents at December 31, 2024, was \$8,092,809.05 and the bank balance was \$8,643,175.63.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 9: Risk Management

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Health benefits are provided to employees through the State of New Jersey Health Benefits Plan.

The Borough of Chester is a member of the Morris County Municipal Joint Insurance Fund (the “Fund”). This Fund is both an insured and self-administered group of municipalities established for the purpose of providing certain low-cost insurance coverage for member municipalities in order to keep local property taxes at a minimum.

The following coverages are offered by this fund to its members:

- a.) Workers' Compensation and Employers' Liability
- b.) Liability Other Than Motor Vehicles
- c.) Property Damage Other Than Motor Vehicles
- d.) Motor Vehicle
- e.) Environmental

As a member of this Fund, the Borough could be subject to supplemental assessments in the event of deficiencies. If the assets of the Funds were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities.

This Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body. In accordance with the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

Selected financial information of this Fund as of December 31, 2024 was not available as of the date of this report. Selected financial information of this Fund as of December 31, 2023 is as follows:

Total Assets	\$ 38,605,475
Net Position	\$ 14,033,264
Total Revenue	\$ 25,319,250
Total Expenses	\$ 21,461,784
Change in Net Position	\$ 3,533,220
Member Dividends	\$ 324,246

Financial statements for the Fund are available at the offices of the Fund’s Executive Director:

PERMA Risk Management Services  
9 Campus Drive, Suite 216  
Parsippany, NJ 07054  
(201) 881-7632

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 9: Risk Management (Cont'd)

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 and employee contributions, interest earned and reimbursements to the State for benefits paid and the ending balance of the Borough's expendable trust fund for the current and previous two years:

Year	Employer Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2024	\$ 2,000.00	\$ 184.19	\$ 5,676.00	\$ 4,784.53	\$ 8,509.02
2023	2,000.00	571.90	7,128.29	19,531.95	5,433.36
2022	2,000.00	214.18	3,094.18	4,905.12	15,265.12

Note 10: Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at December 31, 2024:

Fund	Interfund Receivable	Interfund Payable
Current Fund	\$ 67,732.14	\$ 13,340.50
Federal and State Grant Fund	71,628.63	25,727.48
Other Trust Funds	13,340.50	
General Capital Fund		73,633.29
Sewer Utility Operating Fund	2,560.56	
Sewer Utility Capital Fund		42,560.56
Swimming Pool Utility Operating Fund	1,409.56	
Swimming Pool Utility Capital Fund		1,409.56
	\$ 156,671.39	\$ 156,671.39

The interfund receivable in the Current Fund is for grant disbursements paid by Current Fund net of grant receipts collected in Current Fund on behalf of the Federal and State Grant Fund, interest owed from the General Capital Fund and an interfund advanced from Sewer Utility Capital Fund. The interfund receivable in the Federal and State Grant Fund is mainly for a New Jersey Department of Transportation grant received in the General Capital Fund. The interfund receivable in the Other Trust Funds is due from the Current Fund mainly for unemployment trust employee contributions and tax sale premiums received. The interfund receivables in the Sewer Utility and Swimming Pool Utility Operating Funds are for interest earned in their capital funds not turned over as of year-end.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 11: Contingent Liabilities

The Borough is periodically involved in various lawsuits arising in the normal course of business, including claims for property damage, personal injury, various contract disputes and tax appeals. The Borough vigorously contests these lawsuits and believes the ultimate resolution will not have a material adverse effect on its financial position.

Amounts received or receivable from grantors, principally the federal and state governments are subject to regulatory requirements and adjustments by the agencies. Any disallowed claims, including amounts previously recognized by the Borough as revenue would constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although Borough officials expect such amounts, if any, to be immaterial.

Note 12: Deferred Compensation Plans

The Borough of Chester offers its employees a deferred compensation plan (the “Plan”) created in accordance with Section 457 of the Internal Revenue Code. The Plan, which is administered by the Lincoln Financial Group, is available to all Borough of Chester employees and permits participants to defer a portion of their salary. The deferred compensation is not available until termination, retirement, unforeseeable emergency, or upon death to their beneficiaries.

Note 13: Open Space Tax

The Borough of Chester created an Open Space Trust Fund which allows the Borough to collect a tax of up to \$.02 per \$100 of assessed valuation. The funds collected are used to acquire and maintain open space property in the Borough. The Open Space tax levy for 2024 was \$0.01. As of December 31, 2024, the balance in the Open Space Trust Fund was \$250,695.59.

Note 14: Tax Abatements

The Governmental Accounting Standards Board requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

As of December 31, 2024, the Borough provides a tax abatement to a nonprofit housing corporation for its senior citizen housing development in the Borough pursuant to the authority contained in Section 5 of the Senior Citizens Nonprofit Rental Housing Tax Law (N.J.S.A. 55:14I-5) (the “Law”) and a resolution of the governing body and an agreement in 1988. In consideration of the full abatement of taxes, the nonprofit housing corporation is required to pay to the Borough an annual service charge. The annual service charge made by the nonprofit corporation will be equal to 15% of the annual gross shelter rents derived from such housing project as detailed in the tax abatement agreement. The tax abatement provided under the agreement shall be terminated when the nonprofit corporation or its successors and the development cease to remain subject to the provisions of the Law or a period of not more than 50 years from the effective date of the tax exemption, whichever event occurs first.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 14: Tax Abatements (Cont'd)

The Borough recognized revenue in the amount of \$35,283.15 from this annual service charge or payment in lieu of taxes which is recorded as anticipated in the Current Fund. The taxes which would have been paid on this property for 2024 without the abatement would have been \$65,291.46 of which \$23,856.50 would have been for the local municipal tax, minimum library tax and municipal open space tax.

Note 15: Fixed Assets

The following is a summarization of the activity of the Borough's fixed assets for the years ended December 31, 2024 and 2023:

	Balance 12/31/2022	Additions	Deletions	Restated Balance 12/31/2023
Land	\$ 17,982,100.00			\$ 17,982,100.00
Buildings and Building Improvements	14,102,301.00	\$ 40,605.00		14,142,906.00
Machinery, Equipment and Vehicles	932,452.22	152,698.78		1,085,151.00
	<u>\$ 33,016,853.22</u>	<u>\$ 193,303.78</u>	<u>\$ -0-</u>	<u>\$ 33,210,157.00</u>
	Restated Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Land	\$ 17,982,100.00			\$ 17,982,100.00
Buildings and Building Improvements	14,142,906.00			14,142,906.00
Machinery, Equipment and Vehicles	1,085,151.00	\$ 331,481.97		1,416,632.97
	<u>\$ 33,210,157.00</u>	<u>\$ 331,481.97</u>	<u>\$ -0-</u>	<u>\$ 33,541,638.97</u>

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB)

State Health Benefit Local Government Retired Employees

General Information about the OPEB Plan

Plan Description

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost sharing multiple employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) annual financial report, which can be found at [www.state.nj.us/treasury/pensions/financial-reports.shtml](http://www.state.nj.us/treasury/pensions/financial-reports.shtml).

Benefits Provided

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

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

The Borough provides other post-retirement benefits to certain Borough employees after retirement, substantially similar in nature to the health benefits provided to employees presently working. The coverage applies to the employees and dependents. In the event of an employee's death, coverage ceases. In order to be eligible for this benefit, the employee must have a minimum of twenty (20) years of full-time service with the Borough.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees (Cont'd)

Contributions

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

Allocation Methodology

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB (benefit)/expense. The special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB (benefit)/expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1 2022, through June 30, 2023. Employer and nonemployer allocation percentages were rounded for presentation purposes; therefore, amounts presented in the schedule of OPEB amounts by employer and nonemployer may result in immaterial differences.

OPEB Expense

The Borough has rolled forward the net OPEB liability as of June 30, 2023 with no adjustments. The Division of Local Government Services, Department of Community Affairs, State of New Jersey, is permitting municipalities and counties to include the June 30, 2023 OPEB information in the Notes to the Financial Statements as the June 30, 2024 information has not been released as of the date of this report.

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

At June 30, 2023, the Borough had a liability of \$3,619,127 for its proportionate share of the net OPEB liability. At June 30, 2023, the Borough's proportion was .024% which was an increase of .003% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023 the Borough's OPEB (benefit) as determined by the State of New Jersey Division of Pensions and Benefits was \$466,681.

The Borough's actual post retirement payments in 2024 for 15 retired employees was \$302,627.



BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 16: Postemployment Benefits Other Than Pensions (OPEB) (Cont'd)

State Health Benefit Local Government Retired Employees (Cont'd)

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Discount Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2023, calculated using the discount rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	At 1% Decrease (2.65%)	Current Discount Rate (3.65%)	At 1% Increase (4.65%)
Net OPEB Liability Attributable to the Borough	\$ 4,192,103	\$ 3,619,127	\$ 3,158,256

Sensitivity of the Net OPEB Liability Attributable to the Borough to Changes in the Healthcare Trend Rate

The following presents the net OPEB Liability of the Borough as of June 30, 2023, calculated using the healthcare trend rate as disclosed in this note, as well as what the net OPEB Liability of the Borough would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2023		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability Attributable to the Borough	\$ 3,075,832	\$ 3,619,127	\$ 4,314,710

Note 17: Leases

The Borough has a lease agreement for the lease of space in the Borough’s municipal building to the Chester Board of Education. The initial lease was entered into on December 28, 2010 for a five-year term which expired March 15, 2016. The Chester Board of Education exercised its option to renew the lease with an amended term of four separate renewal terms of 3 years each. The Borough received \$90,108 from the Chester Board of Education in 2024 for this lease.

As part of the agreement for the sale of the Borough’s water system dated March 25, 1998 the Borough will receive \$5,000 annually for the lease or easement of land surrounding the water supply well and land surrounding the elevated storage tank. The term of this agreement is for 99 years. Additionally, as part of this sale, the Borough receives one third of the revenue from the antenna rental agreement with a wireless carrier. The amount received by the Borough in 2024 was \$-0- for this lease.

BOROUGH OF CHESTER  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

Note 18: Deferred Charges

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2024, the following deferred charge is shown on the balance sheet of the Current Fund, Solid Waste Utility Operating Fund and Swimming Pool Utility Operating Fund:

	<u>Balance</u> <u>Dec. 31, 2024</u>	<u>To be</u> <u>Raised in</u> <u>2025 Budget</u>	<u>Balance to</u> <u>Succeeding</u> <u>Year's Budgets</u>
<b>Current Fund:</b>			
Overexpenditure of Appropriation Reserves	\$ 11,776.76	\$ 11,776.76	\$ -0-
<b>Solid Waste Utility Operating Fund:</b>			
Overexpenditure of Appropriation Reserves	\$ 10,973.49	\$ 10,973.49	\$ -0-
<b>Swimming Pool Utility Operating Fund:</b>			
Overexpenditure of Appropriation Reserves	\$ 1,382.60	\$ 1,382.60	\$ -0-

The amount in the 2025 budget is not less than that required by statute.

Note 19: Prior Period Adjustment

The Borough made a prior year adjustment to the fixed assets records as a result of a full inventory of the Borough's fixed assets.

	<u>Balance at</u> <u>12/31/2023</u> <u>as Previously</u> <u>Reported</u>	<u>Retroactive</u> <u>Adjustments</u>	<u>Balance</u> <u>12/31/2023</u> <u>Restated</u>
<b>ASSETS</b>			
Land	\$ 13,131,760.00	\$ 4,850,340.00	\$ 17,982,100.00
Buildings and Building Improvements	6,745,060.00	7,397,846.00	14,142,906.00
Machinery, Equipment and Vehicles	1,620,224.78	(535,073.78)	1,085,151.00
TOTAL ASSETS	<u>21,497,044.78</u>	<u>11,713,112.22</u>	<u>33,210,157.00</u>
<b>RESERVES</b>			
Reserve for Fixed Assets	21,497,044.78	11,713,112.22	33,210,157.00
TOTAL RESERVES	<u>21,497,044.78</u>	<u>11,713,112.22</u>	<u>33,210,157.00</u>

BOROUGH OF CHESTER

SUPPLEMENTARY DATA

BOROUGH OF CHESTER  
OFFICIALS IN OFFICE AND SURETY BONDS  
YEAR ENDED DECEMBER 31, 2024

Name	Title	Amount of Bond
Janet Hoven	Mayor	
Kyle Holman	Council President	
Karen Ferrone	Council Member	
Michael Dominianni	Council Member (from 8/6/24)	
Gary Marshuetz	Council Member	
Christopher Heil	Council Member	
Russell Goodwin	Council Member	
Jason Rothamel	Council Member (to 7/24/24)	
Lumarys Mendez	Administrator	(A)
Dena Dziergoski	Acting Clerk & Registrar	(A)
Ken Huelbig	Chief Financial Officer/Treasurer	\$50,000 - MCMJIF/\$950,000 - MELJIF
Liz Holtz	Tax/Utility Collector	\$50,000 - MCMJIF/\$950,000 - MELJIF
Joe Pisaro	Tax Assessor	(A)
Brian W. Mason	Attorney	
Joe Vuich	Engineer	

(A) - All employees, who are not specifically bonded, are covered under a \$50,000 Faithful Performance Blanket Bond with the Morris County Municipal Joint Insurance Fund and a \$950,000 Faithful Performance Blanket Bond with the Municipal Excess Liability Joint Insurance Fund.

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
CURRENT FUND

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	
Balance December 31, 2023	A	\$ 3,623,632.34
Increased by Receipts:		
Tax Collector		\$ 11,473,688.65
Revenue Accounts Receivable		635,995.10
Due to/from State of New Jersey:		
Department of Community Affairs Training Fees		1,351.00
Veterans and Senior Citizens' Deductions		7,250.00
Marriage License Fees		250.00
Miscellaneous Revenue Not Anticipated		60,584.64
Appropriation Refunds		8,324.14
Due to Federal and State Grant Fund:		
Unappropriated Reserves		9,818.87
Due to Other Trust Funds:		
Reserve for Unemployment Compensation Insurance		5,676.00
Reserve for Parking Offenses Adjudication Act		60.00
Interfund Advanced		46,004.35
		12,249,002.75
		15,872,635.09

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF CASH - TREASURER  
(Continued)

Ref.

Decreased by Disbursements:

2024 Appropriation Expenditures	\$	4,460,003.33	
2023 Appropriation Reserves		83,595.12	
Consolidated School Taxes		3,980,382.00	
Regional High School Taxes		2,099,032.00	
County Taxes		1,165,959.56	
Due to State of New Jersey:			
Department of Community Affairs Training Fees		4,224.00	
Marriage License Fees		300.00	
Due from Federal and State Grant Fund -			
Appropriated Reserves		51,804.69	
Due to/from Other Trust Funds:			
Reserve for Tax Sale Premiums		31,100.00	
Open Space Tax Levy		46,736.76	
Prior Year Interfund Returned		85,200.77	
Interfund Advanced		14,370.87	
Due to General Capital Fund:			
Prior Year Interfund Returned		108,769.88	
Due to Sewer Utility Capital Fund:			
Interfund Advanced		40,000.00	

\$ 12,171,478.98

Balance December 31, 2024

A

\$ 3,701,156.11

BOROUGH OF CHESTER  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2024

Increased by Receipts:

Taxes Receivable	\$ 11,352,181.79	
Prepaid Taxes	80,007.78	
Interest & Costs on Taxes	34,034.08	
Tax Sale Premium	7,100.00	
Tax Miscellaneous Revenue	365.00	
	<hr/>	<hr/>
		\$ 11,473,688.65

Increased by Disbursements:

Paid to Treasurer		<hr/> <hr/>
		\$ 11,473,688.65

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF CASH - GRANT FUNDS  
YEAR ENDED DECEMBER 31, 2024

NOT APPLICABLE

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2023	2024 Levy	Collections		State of NJ Veterans' and Senior Citizens' Deductions	Cancelled	Balance Dec. 31, 2024
			2023	2024			
2023	\$ 85,124.96		\$ 92,275.47	\$ 85,124.96			
2024		\$ 11,422,463.08	\$ 92,275.47	11,267,056.83	\$ 7,750.00	\$ 13.89	\$ 55,366.89
	\$ 85,124.96	\$ 11,422,463.08	\$ 92,275.47	\$ 11,352,181.79	\$ 7,750.00	\$ 13.89	\$ 55,366.89

Ref. A

Analysis of 2024 Property Tax Levy

Tax Yield:

General Purpose Tax  
Added and Omitted Taxes (54:4-63.1 et. seq.)

\$ 11,416,009.89  
6,453.19

Tax Levy:

Consolidated School District Taxes  
Regional High School District Taxes  
County Taxes  
Due County for Added and Omitted Taxes  
Municipal Open Space Taxes  
Due Open Space for Added and Omitted Taxes

\$ 11,422,463.08  
\$ 3,980,382.00  
2,099,032.00  
1,163,018.08  
46,710.35  
26.41  
46,736.76  
7,289,168.84

Local Tax for Municipal Purposes Levied  
Minimum Library Tax  
Additional Taxes Levied

3,970,498.99  
156,010.93  
6,784.32  
4,133,294.24  
\$ 11,422,463.08

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS  
YEAR ENDED DECEMBER 31, 2024

NOT APPLICABLE

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2023	Accrued In 2024	Received In 2024	Balance Dec. 31, 2024
Alcoholic Beverage Licenses		\$ 12,750.00	\$ 12,750.00	
Other Licenses		8,248.00	8,248.00	
Municipal Court:				
Fines and Costs	\$ 2,339.66	37,168.85	37,176.47	\$ 2,332.04
Interest on Investments		220,209.86	220,209.86	
Board of Health Fees:				
Fees and Permits		23,717.50	23,717.50	
Energy Receipts Taxes		147,813.12	147,813.12	
Uniform Construction Code Fees		30,689.00	30,689.00	
Payments in Lieu of Taxes - Robert Cole Apartments		35,283.15	35,283.15	
Sewer Utility Operating Fund Surplus Anticipated		30,000.00	30,000.00	
Windy Acres Rental Pad Fee	7,500.00	7,500.00		15,000.00
Rental - School Board		90,108.00	90,108.00	
	\$ 9,839.66	\$ 643,487.48	\$ 635,995.10	\$ 17,332.04
<u>Ref.</u>	A			A

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2024

NOT APPLICABLE

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF 2023 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2024

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Over-</u> <u>Expended</u>
GENERAL GOVERNMENT:					
General Administration:					
Salaries & Wages	\$ 990.92	\$ 990.92		\$ 990.92	
Other Expenses	1,930.73	1,930.73	\$ 1,333.95	596.78	
Mayor and Council:					
Salaries & Wages	1,289.00	1,289.00		1,289.00	
Other Expenses	5,278.50	5,278.50	3,100.00	2,178.50	
Municipal Clerk:					
Salaries & Wages	0.01	0.01		0.01	
Other Expenses	160.00	160.00		160.00	
Financial Administration:					
Salaries & Wages	10.42	10.42		10.42	
Other Expenses	12,175.85	12,175.85		12,175.85	
Annual Audit					
Collection of Taxes:	2,330.20	2,330.20		2,330.20	
Salaries & Wages	7,011.10	7,011.10		7,011.10	
Other Expenses					
Tax Assessment Administration:					
Salaries & Wages	0.08	0.08		0.08	
Other Expenses	16,778.69	16,778.69	3,000.00	13,778.69	
Legal Services and Costs:					
Other Expenses	38,559.89	38,559.89	1,600.91	36,958.98	
Engineering Services and Costs:					
Other Expenses	13,229.99	13,229.99	2,224.00	11,005.99	
General Services:					
Other Expenses	319.15	319.15	1,731.75		\$ 1,412.60
LAND USE ADMINISTRATION:					
Municipal Land Use Law:					
Planning Board:					
Salaries & Wages	85.81	85.81		85.81	
Other Expenses	21,242.94	21,242.94	3,858.75	17,384.19	
Zoning Officer:					
Salaries & Wages	6,764.38	6,764.38		6,764.38	
Other Expenses	341.37	341.37		341.37	
Environmental Commission:					
Other Expenses	712.00	712.00		712.00	
Insurance:					
Group Insurance for Employees	61,345.79	61,345.79		61,345.79	
Health Benefit Waivers	5,000.00	5,000.00		5,000.00	

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF 2023 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Over-</u> <u>Expended</u>
<b>PUBLIC SAFETY:</b>					
Police:					
Other Expenses	\$ 11.45	\$ 11.45		\$ 11.45	
911 Communication System	3,983.75	3,983.75		3,983.75	
Emergency Management Services:					
Salaries & Wages	339.68	339.68		339.68	
Other Expenses	4,000.00	4,000.00		4,000.00	
Aid to Volunteer Ambulance Companies:					
Other Expenses	1,920.00	1,920.00		1,920.00	
<b>PUBLIC WORKS:</b>					
Road Repairs and Maintenance:					
Salaries & Wages	42,051.93	42,051.93		42,051.93	
Other Expenses	58,491.16	58,491.16	\$ 32,068.98	26,422.18	
Traffic Lighting:					
Other Expenses	3,658.57	3,658.57		3,658.57	
Shade Tree Commission:					
Other Expenses	7,625.00	7,625.00	6,550.00	1,075.00	
Public Buildings and Grounds:					
Other Expenses	525.44	525.44	1,443.94		\$ 918.50
Vehicle Maintenance:					
Other Expenses	25.72	25.72		25.72	
Community Services Act - Condo Costs:					
Kelly Bill - Chester Town	400.00	400.00	253.59	146.41	
<b>HEALTH AND HUMAN SERVICES:</b>					
Board of Health:					
Salaries & Wages	412.15	412.15		412.15	
Other Expenses	28.74	28.74	391.00		362.26
<b>PARKS AND RECREATION:</b>					
Recreation:					
Salaries & Wages	0.92	0.92		0.92	
Other Expenses	10,993.67	10,993.67	5,695.29	5,298.38	
Celebration of Public Events:					
Other Expenses	163.05	163.05	67.50	95.55	
<b>UNCLASSIFIED:</b>					
Utilities	11,677.06	11,677.06	12,396.66		719.60
Fire Hydrant			8,363.80		8,363.80

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF 2023 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

	Balance Dec. 31, 2023	Balance After Modification	Paid or Charged	Balance Lapsed	Over- Expended
UNIFORM CONSTRUCTION CODE:					
Construction Official:					
Salaries & Wages	\$ 1,121.01	\$ 1,121.01		\$ 1,121.01	
Other Expenses	1,092.89	1,092.89		1,092.89	
Electrical Inspector:					
Other Expenses	7,733.40	7,733.40	\$ 115.00	7,618.40	
Contingent	5,000.00	5,000.00		5,000.00	
STATUTORY EXPENDITURES:					
Contribution to:					
Social Security System (O.A.S.I.)	19,947.71	19,947.71		19,947.71	
Defined Contribution Retirement Program	324.85	324.85		324.85	
OPERATIONS EXCLUDED FROM "CAPS":					
Length of Service Awards Program	0.37	0.37		0.37	
Shared Service Agreement:					
Chester Township - Court	34.66	34.66		34.66	
	\$ 377,120.00	\$ 377,120.00	\$ 84,195.12	\$ 304,701.64	\$ 11,776.76

Analysis of Balance December 31, 2023:

	<u>Ref.</u>			
Encumbered	A	\$ 73,203.75	\$ 83,595.12	Cash Disbursements
Unencumbered	A	303,916.25	600.00	Accounts Payable
		\$ 377,120.00	\$ 84,195.12	

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF CONSOLIDATED SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2024

Increased by:	
Levy - Calendar Year 2024	\$ 3,980,382.00
Decreased by:	
Payments to Local School District	<u>\$ 3,980,382.00</u>

BOROUGH OF CHESTER  
CURRENT FUND  
SCHEDULE OF REGIONAL HIGH SCHOOL DISTRICT TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2024

Increased by:	
Levy - Calendar Year 2024	\$ 2,099,032.00
Decreased by:	
Payments to Regional School District	<u>\$ 2,099,032.00</u>

BOROUGH OF CHESTER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE

Grant	Balance Dec. 31, 2023	2024 Revenue Realized	Collected in General Capital Fund	Transferred from Unappropriated Reserves	Balance Dec. 31, 2023
Recycling Tonnage Grant		\$ 4,362.23		\$ 4,362.23	
Clean Communities Program		5,456.64		5,456.64	
Stormwater Assistance Grant		15,000.00		15,000.00	
NJ Department of Transportation - Main Street Realignment Program	\$ 72,925.00		\$ 72,925.00		
Recreational Trails Program	9,011.33				\$ 9,011.33
Local Recreation Improvement Grant		15,000.00			15,000.00
Highlands Water Protection and Planning Council - Plan Conformance	72,584.71				72,584.71
	<u>\$ 154,521.04</u>	<u>\$ 39,818.87</u>	<u>\$ 72,925.00</u>	<u>\$ 24,818.87</u>	<u>\$ 96,596.04</u>
<u>Ref.</u>	A				A

BOROUGH OF CHESTER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF UNAPPROPRIATED RESERVES

Grant	Balance Dec 31, 2023	Collected in Current Fund	Transferred to 2024 Budget	Balance Dec 31, 2024
Recycling Tonnage Grant	\$ 4,822.30	\$ 4,362.23	\$ 4,362.23	\$ 4,822.30
Clean Communities		5,456.64	5,456.64	
Stormwater Assistance Grant	15,000.00		15,000.00	
	<u>\$ 19,822.30</u>	<u>\$ 9,818.87</u>	<u>\$ 24,818.87</u>	<u>\$ 4,822.30</u>
<u>Ref.</u>	A			A

BOROUGH OF CHESTER  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF APPROPRIATED RESERVES

	Balance Dec. 31, 2023	Transferred From 2024 Budget Appropriations	Expended	Balance Dec. 31, 2024
Recycling Tonnage Grant	\$ 10.82	\$ 4,362.23		\$ 4,362.23
Drunk Driving Enforcement Fund				10.82
Clean Communities Program	11,435.13	5,456.64	\$ 321.89	16,569.88
Body Armor Replacement Grant	3,293.22			3,293.22
Highlands Water Protection and Planning Grant	56,499.40			56,499.40
Highlands Water Protection and Planning Council - Plan Conformance	32,000.00		32,000.00	
Alcohol Education and Rehabilitation	609.63			609.63
Recreational Trails Grant	8,329.71			8,329.71
Stormwater Assistance Grant	20,779.17	15,000.00	20,779.17	15,000.00
American Rescue Plan Grant	15,000.00	15,000.00		30,000.00
Local Recreation Improvement Grant	3,000.00			3,000.00
Community Forestry Management Plan	\$ 150,957.08	\$ 39,818.87	\$ 53,101.06	\$ 137,674.89
<u>Ref.</u>	A			A
		Paid by Current Fund	\$ 51,804.69	
		Due to General Capital Fund	1,296.37	
			\$ 53,101.06	

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
TRUST FUNDS

BOROUGH OF CHESTER  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER

		<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
<u>Ref.</u>			
Balance December 31, 2023	B	\$ 307.80	\$ 1,334,130.43
Increased by Receipts:			
Borough Dog License Fees		\$ 1,932.00	
Penalties on Dog License Fees		136.00	
State Dog License Fees		177.00	
Due to/from Current Fund:			
Interest Earned			\$ 28.98
Interfund Returned			85,200.77
Interfund Advanced			14,370.87
Developers Escrow:			
Development Fees			33,677.74
Open Space Trust:			
Open Space Tax Levy			46,736.76
Other Receipts			5,274.33
Unemployment Compensation Insurance:			
Employer Contributions			2,000.00
Interest Earned			184.19
Recreation			114,257.10
Larry Masey			127.68
Housing Trust			31,211.50
Accumulated Leave Compensation			633.71
Storm Recovery			6,787.02
Public Defender			416.26
		<u>2,245.00</u>	<u>340,906.91</u>
		2,552.80	1,675,037.34

BOROUGH OF CHESTER  
TRUST FUNDS  
SCHEDULE OF CASH - TREASURER  
(Continued)

		<u>Animal Control Fund</u>	<u>Other Trust Funds</u>
	<u>Ref.</u>		
Decreased by Disbursements:			
Due to State of New Jersey			
Board of Health	\$	177.00	
Administrative Expenses -			
Animal Control Expenditures		183.00	
Due to Current Fund:			
Interfund Advanced			\$ 46,004.35
Open Space Trust			8,600.00
Developers Escrow			31,356.75
Unemployment Compensation Insurance			4,784.53
Recreation			209,639.70
Public Defender			400.00
Housing Trust			13,803.65
Accumulated Leave Compensation			2,307.60
		<u>\$ 360.00</u>	<u>\$ 316,896.58</u>
Balance December 31, 2024	B	<u><u>\$ 2,192.80</u></u>	<u><u>\$ 1,358,140.76</u></u>

BOROUGH OF CHESTER  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>Ref.</u>	
Balance December 31, 2023	B	\$ 301.20
Increased by:		
Dog License Fees Collected		\$ 1,932.00
Late Fees		136.00
		2,068.00
		2,369.20
Decreased by:		
Expenditures Under R.S. 4:19-15.11		183.00
Balance December 31, 2024	B	\$ 2,186.20

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2022	\$ 1,794.00
2023	1,780.20
Maximum Allowable Reserve	\$ 3,574.20

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
GENERAL CAPITAL FUND

BOROUGH OF CHESTER  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH - TREASURER

Balance December 31, 2023	<u>Ref.</u> C	\$ 580,275.31
Increased by:		
Bond Anticipation Notes	\$ 638,430.00	
Due from State of New Jersey - Department of Transportation Grants Receivable	248,600.00	
Capital Fund Balance:		
Bond Anticipation Note Premium	420.77	
Due to Current Fund:		
Interest on Investments	2,004.66	
Interfund Returned	108,769.88	
Due to Federal and State Grant Fund:		
N.J. Department of Transportation - Main Street Grant	72,925.00	
Due from Sewer Utility Operating Fund	40,402.32	
Due from Swimming Pool Utility Operating Fund	29,908.09	
Budget Appropriation - Capital Improvement Fund	140,000.00	
	<hr/>	1,281,460.72
		<hr/> 1,861,736.03
Decreased by:		
Improvement Authorization Expenditures	918,577.02	
Bond Anticipation Notes	320,180.00	
Due from Federal and State Grant Fund:		
Appropriated Grant Reserves	1,296.37	
	<hr/>	1,240,053.39
		<hr/> <hr/>
Balance December 31, 2024	C	\$ 621,682.64







BOROUGH OF CHESTER  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2023	C	\$ 186,568.50
Increased by:		
2024 Budget Appropriation		<u>140,000.00</u>
		326,568.50
Decreased by:		
Appropriated to Finance:		
Improvement Authorizations		<u>181,000.00</u>
Balance December 31, 2024	C	<u><u>\$ 145,568.50</u></u>

BOROUGH OF CHESTER  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS ANTICIPATION NOTES PAYABLE

Ord. Number	Improvement Authorization	Original Note		Date of Issue	Amount	Date of Issue	Maturity	Interest Rate	Balance Dec. 31, 2023	Issued	Matured	Balance Dec. 31, 2024
		Date of Issue	Amount									
20-15	Fire Truck	10/12/23	\$ 247,500.00	10/12/23	10/11/24	5.500%	5.500%	\$ 247,500.00	\$ 173,500.00	\$ 247,500.00	\$ 173,500.00	
22-09	Fire Truck	10/12/23	180,000.00	10/12/23	10/11/24	5.500%	4.137%	180,000.00	146,680.00	180,000.00	146,680.00	
24-09	Purchase of Leaf Collection Truck	12/24/24	318,250.00	12/24/24	10/10/25	4.500%			318,250.00			318,250.00
								<u>\$ 427,500.00</u>	<u>\$ 638,430.00</u>	<u>\$ 427,500.00</u>	<u>\$ 638,430.00</u>	
								<u>Ref.</u>	<u>C</u>	<u>C</u>		
								Renewed	\$ 320,180.00	\$ 320,180.00		
								New Issue	318,250.00		107,320.00	
								Funded by Budget Appropriation				
									<u>\$ 638,430.00</u>	<u>\$ 427,500.00</u>	<u>\$ 427,500.00</u>	

BOROUGH OF CHESTER  
GENERAL CAPITAL FUND  
SCHEDULE OF SERIAL BONDS PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance Dec. 31, 2023	Matured	Balance Dec. 31, 2024
			Outstanding Date	Amount				
Refunding Bonds	2/1/2021	\$ 2,705,000.00	2/1/2025	\$ 260,000.00	0.809%	\$ 2,415,000.00	\$ 260,000.00	\$ 2,155,000.00
			2/1/2026	260,000.00	0.919%			
			2/1/2027	260,000.00	1.233%			
			2/1/2028	265,000.00	1.473%			
			2/1/2029	270,000.00	1.664%			
			2/1/2030	275,000.00	1.764%			
			2/1/2031	280,000.00	1.854%			
			2/1/2032	285,000.00	1.994%			
						<u>\$ 2,415,000.00</u>	<u>\$ 260,000.00</u>	<u>\$ 2,155,000.00</u>
					Ref.	C	C	C

BOROUGH OF CHESTER  
GENERAL CAPITAL FUND  
SCHEDULE OF LOANS PAYABLE  
YEAR ENDED DECEMBER 31, 2024

NOT APPLICABLE

BOROUGH OF CHESTER  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Date	Number	Improvement Description	Balance Dec. 31, 2023	2024 Authorizations	Notes Funded by Budget Appropriation	Bond		Balance Dec. 31, 2024
						Anticipation Notes Issued	Anticipation Notes Matured	
09/06/16	16-04	Improvements of Various Roads	\$ 500.00					\$ 500.00
12/01/20	20-15	Acquisition of a Fire Truck			\$ 74,000.00	\$ 173,500.00	\$ 247,500.00	
11/01/22	22-09	Fire Truck			33,320.00	146,680.00	180,000.00	
10/03/23	23-13	Hillside Road Improvements	226,400.00					226,400.00
11/13/24	24-09	Purchase of Leaf Collection Truck		\$318,250.00		318,250.00		
			\$ 226,900.00	\$318,250.00	\$ 107,320.00	\$ 638,430.00	\$427,500.00	\$ 226,900.00

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
SEWER UTILITY FUND

BOROUGH OF CHESTER  
SEWER UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2023	D	\$ 659,694.62	\$ 175,698.28
Increased by Receipts:			
Consumer Accounts Receivable			
Budget Appropriation - Bond Anticipation Note	\$	414,331.31	
Due from Current Fund:			\$ 28,000.00
Interfund Advanced			40,000.00
Bond Anticipation Note Issued			159,000.00
Due to Sewer Utility Operating Fund:			
Interest on Investments			2,560.56
Due from Sewer Utility Capital Fund:			
Interfund Returned		2,174.54	
Capital Improvement Fund:			
2024 Budget Appropriation			20,000.00
Miscellaneous Revenue not Anticipated		41,721.71	
		<u>458,227.56</u>	<u>249,560.56</u>
		1,117,922.18	425,258.84
Decreased by Disbursements:			
2024 Budget Appropriations		376,420.69	
2023 Appropriation Reserves		32,681.87	
Improvement Authorizations			21,359.25
Bond Anticipation Note Paid			227,000.00
Accrued Interest on Notes		13,000.00	
Due to Current Fund:			
Fund Balance Anticipated as Budgeted Revenue		30,000.00	
Due to General Capital Fund:			
Interfund Returned		40,402.32	
Due to Sewer Utility Operating Fund:			
Prior Year Interfund Returned			2,174.54
		<u>492,504.88</u>	<u>250,533.79</u>
Balance December 31, 2024	D	\$ 625,417.30	\$ 174,725.05

BOROUGH OF CHESTER  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2024

NOT APPLICABLE

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
ANALYSIS OF SEWER CAPITAL CASH

	Balance/ (Deficit) Dec. 31, 2023	Receipts			Disbursements			Balance/ (Deficit) Dec. 31, 2024
		Miscellaneous	Bond Anticipation Notes	Budget Appropriation	Improvement Authorizations	Bond Anticipation Notes	Miscellaneous	
Capital Improvement Fund	\$ 198,027.21			\$ 20,000.00				\$ 218,027.21
Due to/from Current Fund		\$ 40,000.00						40,000.00
Due to Sewer Utility Operating Fund	2,174.54	2,560.56				\$ 2,174.54		2,560.56
Reserve for Preliminary Expenses - Hydrogeological Study	2,985.68							2,985.68
Fund Balance	1,142.00							1,142.00
<u>Improvement Authorizations:</u>								
<u>Ord</u>	<u>Number</u>	<u>Improvement Description</u>						
95-15		Construction of Disposal Beds and Upgrade of Treatment Plant						
19-16		Various Sewer Improvements						
20-02		Various Sanitary Sewerage Improvements						
			\$ 159,000.00	28,000.00	\$ 15,836.25	\$ 227,000.00		(40,000.00)
					5,523.00			(49,990.40)
		\$ 42,560.56	\$ 159,000.00	\$ 48,000.00	\$ 21,359.25	\$ 227,000.00	\$ 2,174.54	\$ 174,725.05

BOROUGH OF CHESTER  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2023	D	\$ 102,545.33
Increased by:		
Sewer Rents Levied		404,717.11
		507,262.44
Decreased by:		
Collections:		
Sewer User Fees	\$	359,418.45
Significant User Fees		54,912.86
Overpayments Applied - Sewer User Fees		8.42
		414,339.73
Balance December 31, 2024		\$ 92,922.71
 <u>Analysis of Balance</u>		
Sewer Rents Receivable	D	\$ 86,088.22
Significant User Fees Receivable	D	6,834.49
		\$ 92,922.71

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2023	D	\$ 1,535,236.15
Additions by:		
Transferred from Fixed Capital Authorized and Uncompleted		<u>1,670,000.00</u>
Balance December 31, 2024	D	<u><u>\$ 3,205,236.15</u></u>

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Improvement Description	Ordinance		Balance Dec. 31, 2023	Transferred to Fixed Capital	Balance Dec. 31, 2024
	Date	Amount			
Construction of Disposal Beds and Upgrade of Treatment Plant	11/06/95; 06/19/95	\$ 700,000.00 1,550,000.00	\$ 1,670,000.00	\$ 1,670,000.00	
Various Sanitary Sewerage Improvements	4/7/2020	100,000.00	100,000.00		\$ 100,000.00
			<u>\$ 1,770,000.00</u>	<u>\$ 1,670,000.00</u>	<u>\$ 100,000.00</u>
		<u>Ref.</u>	D		D

BOROUGH OF CHESTER  
SEWER UTILITY OPERATING FUND  
SCHEDULE OF 2023 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2024

	Balance Dec. 31, 2023	Balance After Modification	Paid or Charged	Balance Lapsed
Operating:				
Salaries and Wages	\$ 8,971.40	\$ 8,971.40		\$ 8,971.40
Other Expenses	85,317.86	85,317.86	\$ 32,681.87	52,635.99
Statutory Expenditures:				
Contribution to:				
Social Security System	2,248.09	2,248.09		2,248.09
	<u>\$ 96,537.35</u>	<u>\$ 96,537.35</u>	<u>\$ 32,681.87</u>	<u>\$ 63,855.48</u>

Analysis of Balance December 31, 2023

	<u>Ref.</u>		
Encumbered	D	\$	14,999.33
Unencumbered	D		81,538.02
		<u>\$</u>	<u>96,537.35</u>

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord. Number	Improvement Description	Ordinance Date	Ordinance Amount	Balance Dec. 31, 2023		Paid or Charged	Balance Dec. 31, 2024	
				Funded	Unfunded		Funded	Unfunded
95-15	Construction of Disposal Beds and Upgrade of Treatment Plant	6/19/1995	\$ 1,670,000.00	\$ 15,836.25		\$ 15,836.25		
20-02	Various Sanitary Sewerage Improvements	4/7/2020	100,000.00		\$ 50,532.60	5,523.00	\$ 45,009.60	
				\$ 15,836.25	\$ 50,532.60	\$ 21,359.25	\$ 45,009.60	

Ref.      D                      D                      D

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2023	D	\$ 198,027.21
Increased by:		
2024 Budget Appropriation		<u>20,000.00</u>
Balance December 31, 2024	D	<u><u>\$ 218,027.21</u></u>

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2023	D	\$ 1,308,236.15
Increased by:		
Paid by Budget Appropriation - Bond Anticipation Notes		\$ 28,000.00
Transferred from Deferred Reserve for Amortization		<u>1,670,000.00</u>
		<u>1,698,000.00</u>
Balance December 31, 2024	D	<u>\$ 3,006,236.15</u>

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Ord.</u> <u>Date</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Transferred</u> <u>To Reserve for</u> <u>Amortization</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
95-15	Construction of Disposal Beds and Upgrade of Treatment Plant	11/6/1995	\$ 1,670,000.00	\$ 1,670,000.00	
20-02	Various Sanitary Sewerage Improvements	4/7/2020	5,000.00		\$ 5,000.00
			<u>\$ 1,675,000.00</u>	<u>\$ 1,670,000.00</u>	<u>\$ 5,000.00</u>
		<u>Ref.</u>	D		D

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE

Ord. No.	Improvement Description	Date of		Interest Rate	Maturity	Balance Dec. 31, 2023	Issued	Matured	Balance Dec. 31, 2024
		Original Issue	Issue						
19-16	Various Sewer Improvements	10/15/20	10/12/23	5.500%	10/11/24	\$ 227,000.00	\$ 159,000.00	\$ 227,000.00	\$ 159,000.00
			10/10/24	4.137%	10/10/25		\$ 159,000.00	\$ 227,000.00	\$ 159,000.00
						\$ 227,000.00	\$ 159,000.00	\$ 227,000.00	\$ 159,000.00
				<u>Ref.</u>					D
							\$ 159,000.00	\$ 159,000.00	
							40,000.00		
							28,000.00		
							\$ 159,000.00	\$ 227,000.00	\$ 159,000.00

BOROUGH OF CHESTER  
SEWER UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ordinance Number	Improvement Description	Balance Dec. 31, 2023	Notes Funded by Budget Appropriation	Bond Anticipation Notes Issued	Bond Anticipation Notes Matured	Balance Dec. 31, 2024
2019-16	Various Sewer Improvements	\$ 28,000.00	\$ 28,000.00	\$ 159,000.00	\$ 227,000.00	\$ 40,000.00
2020-02	Various Sanitary Sewerage Improvements	\$ 95,000.00	\$ 28,000.00	\$ 159,000.00	\$ 227,000.00	\$ 135,000.00

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
SOLID WASTE UTILITY FUND

BOROUGH OF CHESTER  
SOLID WASTE UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>
Balance December 31, 2023	E	\$ 73,098.67
Increased by Receipts:		
Consumer Accounts Receivable		\$ 168,462.98
Interest on Investments		3,891.52
Interest and Penalties on Rents		607.48
Overpayments		965.43
Bulky Waste Fees		2,940.00
		<u>176,867.41</u>
		<u>249,966.08</u>
Decreased by Disbursements:		
2024 Budget Appropriations		160,833.41
2023 Appropriation Reserves		15,319.48
		<u>176,152.89</u>
Balance December 31, 2024	E	<u><u>\$ 73,813.19</u></u>

BOROUGH OF CHESTER  
SOLID WASTE UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE

	<u>Ref.</u>	
Balance December 31, 2023	E	\$ 8,622.75
Increased by:		
Solid Waste Rents Levied		<u>173,160.00</u>
		181,782.75
Decreased by Collections:		
Cash Received	\$ 168,462.98	
Overpayments Applied	<u>445.27</u>	
		<u>168,908.25</u>
Balance December 31, 2024	E	<u><u>\$ 12,874.50</u></u>

BOROUGH OF CHESTER  
SOLID WASTE UTILITY OPERATING FUND  
SCHEDULE OF 2023 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2024

	Balance Dec. 31, 2023	Balance After Modification	Paid or Charged	Balance Lapsed	Overexpenditure
Operating:					
Other Expenses	\$ 4,345.99	\$ 4,345.99	\$ 15,319.48		\$ 10,973.49
Statutory Expenditures:					
Social Security System	236.57	236.57		\$ 236.57	
	\$ 4,582.56	\$ 4,582.56	\$ 15,319.48	\$ 236.57	\$ 10,973.49
<u>Ref.</u>					E

Analysis of Balance at December 31, 2023:

Encumbered	E	\$ 4,334.88
Unencumbered	E	247.68
		\$ 4,582.56

BOROUGH OF CHESTER  
COUNTY OF MORRIS  
2024  
SWIMMING POOL UTILITY FUND

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY FUND  
SCHEDULE OF CASH - TREASURER

	Operating	Capital
<u>Ref.</u>		
Balance December 31, 2023	\$ 444,638.96	\$ 291,651.99
Increased by Receipts:		
Pool Fees	\$ 460,757.01	
Budget Appropriation:		
Capital Improvement Fund		\$ 35,000.00
Premium on Bond Anticipation Notes		1,000.00
Bond Anticipation Notes		750,000.00
Miscellaneous Revenue Not Anticipated	114,461.97	
Due to Swimming Pool Utility Operating Fund:		
Interest on Investments		1,409.56
Due from Swimming Pool Utility Capital Fund:		
Settlement of Prior Year Interfund	1,337.30	787,409.56
	576,556.28	1,079,061.55
Decreased by Disbursements:		
2024 Budget Appropriations	475,728.24	
2023 Appropriation Reserves	11,075.96	
Accrued Interest on Notes	10,800.00	
Due to General Capital Fund:		
Prior Year Interfund Returned	29,908.09	
Improvement Authorizations		35,826.00
Due to Swimming Pool Utility Operating Fund		
Interfund Returned	527,512.29	37,163.30
Balance December 31, 2024	\$ 493,682.95	\$ 1,041,898.25

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF CASH - COLLECTOR  
YEAR ENDED DECEMBER 31, 2024

NOT APPLICABLE

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY CAPITAL FUND  
ANALYSIS OF SWIMMING POOL CAPITAL CASH

	Receipts		Disbursements			Balance Dec. 31, 2024
	Balance Dec. 31, 2023	Budget Appropriation	Bond		Transfers	
			Anticipation Notes	Miscellaneous		
Fund Balance						
Capital Improvement Fund	\$ 67,459.19	\$ 35,000.00		\$ 1,000.00		\$ 1,000.00
Due to/(from) Swimming Pool Utility						102,459.19
Operating Fund	1,337.30			1,409.56		1,409.56
Reserve for Encumbrances					\$ 66,474.58	66,474.58
Reserve for Preliminary Expenditures	2,155.50					2,155.50
<u>Improvement Authorizations:</u>						
Ord						
Number						
21-14	Swimming Pool Improvements					30,000.00
22-06	Various Improvements			\$ 3,750.00	\$ 64,800.38	122,149.62
24-08	Pool Renovation Project			32,076.00	1,674.20	716,249.80
		\$ 35,000.00	\$ 750,000.00	\$ 2,409.56	\$ 66,474.58	\$ 1,041,898.25

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2024

NOT APPLICABLE

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL

	<u>Ref.</u>	
Balance December 31, 2023	F	\$ 3,026,077.81
Balance December 31, 2024	F	<u>\$ 3,026,077.81</u>

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

<u>Improvement Description</u>	<u>Ordinance</u>		<u>Balance</u>	<u>2024</u>	<u>Balance</u>
	<u>Date</u>	<u>Amount</u>	<u>Dec. 31, 2023</u>	<u>Authorizations</u>	<u>Dec. 31, 2024</u>
Swimming Pool Improvements	07/20/21	\$ 30,000.00	\$ 30,000.00		\$ 30,000.00
Various Improvements	06/09/22	200,000.00	200,000.00		200,000.00
Pool Renovation Project	11/12/24	750,000.00		\$ 750,000.00	750,000.00
			<u>\$ 230,000.00</u>	<u>\$ 750,000.00</u>	<u>\$ 980,000.00</u>
			<u>Ref.</u>	<u>F</u>	<u>F</u>

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY OPERATING FUND  
SCHEDULE OF 2023 APPROPRIATION RESERVES  
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance After</u> <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Lapsed</u>	<u>Overexpenditure</u>
Operating:					
Salaries and Wages	\$ 5,395.49	\$ 5,395.49		\$ 5,395.49	
Other Expenses	9,693.36	9,693.36	\$ 11,075.96		\$ 1,382.60
Statutory Expenditures:					
Contribution to:					
Social Security System	10,093.93	10,093.93		10,093.93	
	<u>\$ 25,182.78</u>	<u>\$ 25,182.78</u>	<u>\$ 11,075.96</u>	<u>\$ 15,489.42</u>	<u>\$ 1,382.60</u>

Ref.

Analysis of Balance December 31, 2023

F

Encumbered	F	\$ 965.03
Unencumbered	F	<u>24,217.75</u>
	F	<u>\$ 25,182.78</u>



BOROUGH OF CHESTER  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2023	F	\$ 67,459.19
Increased by:		
2024 Budget Appropriation		<u>35,000.00</u>
Balance December 31, 2024	F	<u><u>\$ 102,459.19</u></u>

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION

	<u>Ref.</u>	
Balance December 31, 2023	F	\$ 2,858,077.81
Increased by:		
Paid by Budget Appropriation - Bond Anticipation Notes		<u>25,000.00</u>
Balance December 31, 2024	F	<u><u>\$ 2,883,077.81</u></u>

BOROUGH OF CHESTER  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION

<u>Ord.</u> <u>No.</u>	<u>Improvement Description</u>	<u>Ord.</u> <u>Date</u>	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
21-14	Swimming Pool Improvements	07/20/21	\$ 30,000.00	\$ 30,000.00
22-06	Various Improvements	06/09/22	<u>200,000.00</u>	<u>200,000.00</u>
			<u>\$ 230,000.00</u>	<u>\$ 230,000.00</u>
		<u>Ref.</u>	F	F



BOROUGH OF CHESTER  
SWIMMING POOL UTILITY CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2024

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>2024 Authorizations</u>	<u>Bond Anticipation Notes Matured</u>	<u>Bond Anticipation Notes Issued</u>	<u>Notes Paid by Budget Appropriation</u>
19-02	Swimming Pool Improvements		\$ 168,000.00	\$ 143,000.00	\$ 25,000.00
24-08	Pool Renovation Project	\$ 750,000.00		750,000.00	
		<u>\$ 750,000.00</u>	<u>\$ 168,000.00</u>	<u>\$ 893,000.00</u>	<u>\$ 25,000.00</u>

BOROUGH OF CHESTER

PART II

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2024

BOROUGH OF CHESTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2024

Name of Federal Agency or Department	Name of Program	Assistance Listing Number	State Account Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures	Amount Paid to Subrecipients
				From	To					
U.S. Department of Treasury	COVID-19 - American Rescue Plan - Coronavirus State and Local Government Fiscal Recovery Funds	21.027	100-022-8030-687-046010	03/03/21	12/31/24	\$ 169,981.72		\$ 33,279.17	\$ 169,981.72	
								33,279.17	169,981.72	
	Total Department of Treasury						\$ -0-	\$ 33,279.17	\$ 169,981.72	\$ -0-
	Total Federal Awards									

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**BOROUGH OF CHESTER**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**YEAR ENDED DECEMBER 31, 2024**

Name of State Agency or Department	Name of Program	State Grant Award Number	Grant Period		Grant Award	Amount Received	Amount of Expenditures	Cumulative Expenditures
			From	To				
Department of Environmental Protection	Clean Communities	765-042-4900-	01/01/21	12/31/25	\$ 4,208.65	\$	\$ 321.89	\$ 2,182.86
	Total Clean Communities Grant	004-178910	01/01/24	12/31/25	5,456.64	\$ 5,456.64	321.89	2,182.86
	Recycling Tonnage Grant	100-042-4910-						
	Total Recycling Tonnage Grant	224-238490	01/01/24	12/31/25	4,362.23	4,362.23		
Total Department of Environmental Protection					9,818.87	321.89	321.89	2,182.86
New Jersey Highlands Council	Water Protection & Planning Plan Conformance	N/A	01/01/23	12/31/24	42,500.00		32,000.00	42,500.00
Total New Jersey Highlands Council							32,000.00	42,500.00
NJ Department of Transportation	Municipal Aid: Main Street/Grove Street	480-078-6320- AOP-606281	02/24/23	12/31/23	291,700.00	72,925.00		291,700.00
	Hillside Road Improvements	480-078-6320- AO1-606282	04/06/21	12/31/24	248,600.00	248,600.00	248,600.00	248,600.00
Total NJ Department of Transportation					321,525.00	248,600.00	248,600.00	540,300.00
Total State Awards					\$ 331,343.87	\$ 280,921.89	\$ 280,921.89	\$ 584,982.86
N/A - Not Available								

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

BOROUGH OF CHESTER  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2024

Note 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Borough of Chester under programs of the federal and state governments for the year ended December 31, 2024. The information in these schedules is presented in accordance with the requirements of 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the Borough, they are not intended to and do not present the financial position, changes in fund balance or cash flows of the Borough.

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through identifying numbers are presented where available. The Borough has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Code.

Note 3. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

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 Auditors' Report

The Honorable Mayor and Members  
of the Borough Council  
Borough of Chester  
Chester, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (“the Division”), and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements - *regulatory basis* - of the various funds of the Borough of Chester, in the County of Morris (the "Borough") as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements and have issued our report thereon dated May 21, 2025. These financial statements have been prepared in accordance with accounting practices prescribed or permitted by the Division to demonstrate compliance with the Division’s regulatory basis of accounting, and the budget laws of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as Finding 2024-001 that we consider to be a significant deficiency.

The Honorable Mayor and Members  
of the Borough Council  
Borough of Chester  
Page 2

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Borough's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Borough's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Responses. The Borough's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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* in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mount Arlington, New Jersey  
May 21, 2025

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Heidi A. Wohlleb*

Heidi A. Wohlleb

Certified Public Accountant

Registered Municipal Accountant No. 481

BOROUGH OF CHESTER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2024

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the Borough's financial statements, prepared in accordance with accounting practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey to demonstrate compliance with the Division's regulatory basis of accounting and the budget laws of New Jersey.
- A significant deficiency disclosed during the audit of the financial statements is reported in the *Independent Auditors' 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*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the Borough which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The Borough was not subject to the single audit provisions of the Uniform Guidance and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* for 2024 as grant expenditures were less than the single audit thresholds of \$750,000 identified in the Uniform Guidance and NJ OMB 15-08.

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards:

Finding 2024-001

Segregation of Duties

Criteria

Concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view.

Condition

The Borough does not maintain an adequate segregation of duties with respect to the recording and treasury functions.

The various departments/offices of the Borough are responsible for the issuance of permits and licenses; collection of taxes and utility charges, permits, and license fees; and recording of collections. Also, general ledger functions including journal entries for the various funds are performed by one person with limited oversight review.

BOROUGH OF CHESTER  
SCHEDULE OF FINDINGS AND RESPONSES  
YEAR ENDED DECEMBER 31, 2024  
(Continued)

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

- The audit disclosed the following significant deficiency required to be reported under Generally Accepted Government Auditing Standards: (Cont'd)

Finding 2024-001 (Cont'd)

Segregation of Duties (Cont'd)

Cause

This is due, in part, to the limited number of personnel of the Borough and the decentralized nature of governmental collection procedures.

Effect or Potential Effect

Segregation of duties refers to separating those functions that place too much control over a transaction or class of transactions that would enable a person to perpetuate errors and prevent detection within a reasonable period of time.

Recommendation

It is recommended that an adequate segregation of duties is maintained with respect to the recording and treasury functions.

Management's Response

The finding was evaluated, however, due to budgetary constraints, no resolution can be made at this time.

Findings and Questioned Costs for Federal Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable – Grant expenditures were below the single audit threshold.

BOROUGH OF CHESTER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2024

The prior year audit finding 2023-001 pertaining to the segregation of duties was not fully resolved due to budgetary constraints and is included in the current year report as Finding 2024-001.

BOROUGH OF CHESTER

PART III

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2024

BOROUGH OF CHESTER  
COMMENTS AND RECOMMENDATIONS

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

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

a. "When the cost or price of any contract awarded by the contracting agent in the aggregate does not exceed in a contract year the total sum of \$17,500, the contract may be awarded by a purchasing agent when so authorized by ordinance or resolution, as appropriate to the contracting unit, of the governing body of the contracting unit without public advertising for bids, except that the governing body of any contracting unit may adopt an ordinance or resolution to set a lower threshold for the receipt of public bids or the solicitation of competitive quotations. If the purchasing agent is qualified pursuant to subsection b. of section 9 of P.L. 1971, c.198 (C.40A:11-9), the governing body of the contracting unit may establish that the bid threshold may be up to \$25,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section.

b. Any contract made pursuant to this section may be awarded for a period of 24 consecutive months, except that contracts for professional services pursuant to subparagraph (i) of paragraph (a) of subsection (1) of section 5 of P.L. 1971, c.198 (C.40A: 11-5) may be awarded for a period not exceeding 12 consecutive months. The Division of Local Government Services shall adopt and promulgate rules and regulations concerning the methods of accounting for all contracts that do not coincide with the contracting unit's fiscal year.

c. The Governor, in consultation with the Department of the Treasury, shall, no later than March 1 of every fifth year beginning in the fifth year after the year in which P.L.1999, c.440 takes effect, adjust the threshold amount and the higher threshold amount which the governing body is permitted to establish, as set forth in subsection a. of this section, or the threshold amount resulting from any adjustment under this subsection, in direct proportion to the rise or fall of the index rate as that term is defined in section 2 of P.L.1971, c.198 (C.40A11-2), and shall round the adjustment to the nearest \$1,000. The Governor shall, no later than June 1 of every fifth year, notify each governing body of the adjustment. The adjustment shall become effective on July 1 of the year in which it is made."

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

Effective July 1, 2020 and thereafter, the bid thresholds in accordance with N.J.S.A. 40A:11-3 are \$17,500 for a contracting unit without a qualified purchasing agent and \$44,000 for a contracting unit with a qualified purchasing agent.

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

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

BOROUGH OF CHESTER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

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

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

Collection of Interest on Delinquent Taxes, Utility Rents

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes, sewer rents on or before the date when they would become delinquent.

At the annual reorganization meeting, the governing body adopted the following resolution authorizing interest to be charged on delinquent taxes and utility rents as follows:

1. The Tax Collector is hereby authorized and directed to charge 8% per annum on the first \$1,500.00 of taxes or utility rents becoming delinquent after the due date and 18% per annum on any amount of taxes and utility rents in excess of \$1,500.00, becoming delinquent after the due date, and if the total amount due on December 31, is in excess of \$10,000.00 an additional penalty of 6% shall be charged against the delinquency.
2. There will be a ten (10) day grace period, or 25 days after mailing, for quarterly tax payments or any other municipal charges. However, any payments not paid within the ten day grace period, or 25 days after mailing, will be charged interest from the due date.

It appears from an examination of the Tax/Utility Collector's records that interest was collected in accordance with the foregoing resolutions.

Delinquent Taxes and Tax Title Liens

There were no municipal liens for the last three years.

New Jersey Administrative Code Accounting Requirements

The Division of Local Government Services has established three (3) accounting requirements which are prescribed in the New Jersey Administrative Code. They are as follows:

1. Maintenance of an encumbrance accounting system.
2. General ledger accounting and record system.
3. Fixed assets accounting and reporting system.

The Borough is currently in compliance with the accounting requirements.

BOROUGH OF CHESTER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Municipal Court

The report of the Municipal Court has been forwarded to the Division of Local Government Services and the Borough's Magistrate under separate cover. Reflected below is a summary of receipts and disbursements for the year ended December 31, 2024.

RECEIPTS AND DISBURSEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Balance</u> <u>Dec. 31, 2023</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>Dec. 31, 2024</u>
Municipal Treasurer:				
Fines & Costs	\$ 2,339.66	\$ 37,168.85	\$ 37,176.47	\$ 2,332.04
P.O.A.A. FTA		54.00	52.00	2.00
Conditional Dismissal		150.00	150.00	
SPCA		500.00		500.00
Weights and Measures	5,650.00	43,100.00	43,000.00	5,750.00
Restitution		110.00	110.00	
County:				
Fines	735.50	15,706.00	15,613.50	828.00
State:				
Fines and Costs	1,813.62	20,659.09	21,501.19	971.52
Bail		650.00	250.00	400.00
	<u>\$ 10,538.78</u>	<u>\$ 118,097.94</u>	<u>\$ 117,853.16</u>	<u>\$ 10,783.56</u>

Outside Department Records

During our review of Outside Department records it was noted that collections for the Recreation Department were not reconciled with the Treasurer’s records, and a cash receipts ledger was not prepared for the Planning and Zoning Department.

It is recommended that receipts for the Recreation Department records are reconciled with the Treasurer’s records on a monthly basis, and a cash receipts ledger is prepared for the Planning and Zoning Department.

Management’s Response

Every effort will be made to ensure that receipts per Recreation Department records are reconciled with the Treasurer’s records on a monthly basis and a cash receipts ledger is prepared for the Planning and Zoning Department.

Purchase Orders and Purchase Order Process

During the review of the purchase orders processed during the year we noted certain instances where requisitions and purchase orders were dated after the related invoice. We also noted that certain vouchers did not contain the signature of the Department Head and/or Purchasing Agent. It is recommended that a requisition or purchase order is created and approved prior to the purchase of any goods or services and that all purchase orders contain the required approval signatures.

BOROUGH OF CHESTER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Management's Response

The Borough will work with all departments to ensure that requisitions are submitted for approval before orders for goods are placed or services are provided. Also, every effort will be made to ensure that vouchers contain the required approval signatures.

Payroll

Although salary resolutions were approved for certain individuals during the year, a formal salary ordinance which includes all employees was not approved by the governing body. It is recommended that a formal salary ordinance is adopted by the governing body annually.

Management's Response

The Borough is in the process of issuing a retroactive salary ordinance for 2024 employee salaries.

Finance Office Records

During our review of the various operating funds, overexpenditures of appropriation reserves were noted in the Current, Solid Waste Operating and Swimming Pool Operating Funds. Also, during our review of the bank reconciliations, it was noted that several bank reconciliations have numerous reconciling items that may not be valid.

It is recommended that the operating appropriation reserves budgets are reviewed for any necessary transfers to ensure overexpenditures do not occur and that the reconciling items on the various bank reconciliations are reviewed for validity in a timely manner.

Management's Response

The Borough will ensure that the operating appropriation reserves budgets are reviewed for any necessary transfers to ensure overexpenditures do not occur and that the reconciling items on the various bank reconciliations are reviewed for validity in a timely manner.

Management Suggestions:

Federal and State Grant Appropriated Grant Reserves

The Federal and State Grant Fund has a number of appropriated reserve grant balances that are several years old. It is suggested that these appropriated grant reserve balances be reviewed for cancellation.

COVID-19 Federal Funding

It is possible that the Borough will undergo some review of its COVID-19 funding by the federal government. We strongly suggest that the Borough ensures that these funds are utilized in accordance with the applicable federal requirements especially with respect to procurement. Additionally, we strongly suggest that the Borough ensures that these funds are separately accounted for in the Borough's accounting records and that any applicable Borough policies are current with respect to federal grant requirements.

Because of the nature of these funds, being new programs, generally of a significant dollar amount, and some of which may be expended over a period of years, they may be subject to federal or state audit several years from now. It is important that the grant files maintained by local governments be complete, self-explanatory, and fully document the program(s) undertaken as part of the funding.

BOROUGH OF CHESTER  
COMMENTS AND RECOMMENDATIONS  
(Continued)

Status of Prior Year Recommendations

The prior year recommendations regarding greater care be taken in posting the audit adjusting journal entries for the various funds, all interfund balances be liquidated in a timely manner, the fixed asset appraisal report being reviewed to ensure that all Borough owned assets are included, and the preparation of the June 1, 2022 Council meeting minutes were resolved in the current year. The prior year recommendations regarding an adequate segregation of duties, recreation department records' reconciliation with the Treasurer's records, and a requisition or purchase orders being created and approved prior to the purchase of any goods or services and that all purchase orders contain the required approval signatures have not been resolved and are included as current year recommendations.

BOROUGH OF CHESTER  
SUMMARY OF RECOMMENDATIONS

It is recommended that:

1. An adequate segregation of duties is maintained with respect to the recording and treasury functions.
2. Receipts for the Recreation Department records are reconciled with the Treasurer’s records on a monthly basis, and a cash receipts ledger is prepared for the Planning and Zoning Department.
3. A requisition or purchase order is created and approved prior to the purchase of any goods or services and all purchase orders contain the required approval signatures.
4. A formal salary ordinance is adopted by the governing body annually.
5. The various operating budgets operating appropriation reserves budgets are reviewed for any necessary transfers to ensure overexpenditures do not occur and that the reconciling items on the various bank reconciliations are reviewed for validity in a timely manner.

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