

CITY OF LINWOOD
ATLANTIC COUNTY
NEW JERSEY
AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2020

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CITY OF LINWOOD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Linwood, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Linwood, as of December 31, 2020 and 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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 City of Linwood on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Linwood as of December 31, 2020 and 2019, or changes in financial position for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

As described in Note 19 of the financial statements, the City participates in a Length of Service Award Program (LOSAP) for its volunteer fire and rescue personnel. The amount reflected in the trust fund statements of \$164,188.38 and \$192,395.55 and for 2020 and 2019 respectively were not audited and, therefore, we express no opinion on the LOSAP program.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2020 and 2019, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2020 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

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

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

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021 on our consideration of the City of Linwood's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Linwood's internal control over financial reporting and compliance.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 30, 2021

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EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

| <u>ASSETS</u> | <u>2020</u> | <u>2019</u> |
|--|------------------------|---------------------|
| Regular Fund: | | |
| Cash: | | |
| Treasurer | \$ 2,218,093.27 | 2,285,642.91 |
| Clerk | 2,093.69 | 785.79 |
| Change Fund | 300.00 | 300.00 |
| Petty Cash | 100.00 | 100.00 |
| Total Cash | <u>2,220,586.96</u> | <u>2,286,828.70</u> |
| Receivables and Other Assets with Full Reserves: | | |
| Delinquent Property Taxes Receivable | 211,934.72 | 230,141.75 |
| Tax Title and Other Liens | 57,848.64 | 49,839.31 |
| Property Acquired for Taxes - at Assessed Valuation | 28,147.00 | 28,147.00 |
| Sewer Rents Receivable | 26,330.00 | 23,815.00 |
| Revenue Accounts Receivable | 2,024.26 | 10,106.98 |
| Interfund Receivable: | | |
| Animal Control | 11,339.21 | 11,339.21 |
| Grant Fund | 207,625.92 | 212,625.92 |
| Total Receivables and Other Assets | <u>545,249.75</u> | <u>566,015.17</u> |
| Deferred Charges: | | |
| None | - | - |
| Total Deferred Charges | <u>-</u> | <u>-</u> |
| Total Regular Fund | <u>2,765,836.71</u> | <u>2,852,843.87</u> |
| Federal and State Grant Fund: | | |
| Cash | 129,928.62 | 224,624.95 |
| Federal and State Grants Receivable | 698,173.02 | 444,272.79 |
| Total Federal and State Grant Fund | <u>828,101.64</u> | <u>668,897.74</u> |
| Total Current Fund | <u>\$ 3,593,938.35</u> | <u>3,521,741.61</u> |

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | <u>2020</u> | <u>2019</u> |
|---|------------------------|---------------------|
| Regular Fund: | | |
| Liabilities: | | |
| Appropriation Reserves | \$ 187,495.00 | 232,662.59 |
| Reserve for Encumbrances/Accounts Payable | 229,159.81 | 168,195.28 |
| Prepaid Taxes | 426,901.01 | 390,380.29 |
| Prepaid Sewer Rents | 388,675.00 | 440,411.73 |
| Overpaid Taxes | 4,085.93 | - |
| Overpaid Sewer Rents | 1,300.00 | 575.00 |
| Local School Tax Payable | - | 205.52 |
| County Added Tax Payable | 9,325.42 | 6,549.15 |
| Due to State: | | |
| Marriage Licenses | 125.00 | 100.00 |
| Construction Training Fees | 1,344.00 | 1,742.00 |
| Veterans and Senior Citizens | 6,417.79 | 5,296.13 |
| Interfund Payable: | | |
| Due from Other Trusts | 1,806.62 | 2,795.62 |
| | <u>1,256,635.58</u> | <u>1,248,913.31</u> |
| Reserve for Receivables and Other Assets | 545,249.75 | 566,015.17 |
| Fund Balance | 963,951.38 | 1,037,915.39 |
| Total Regular Fund | <u>2,765,836.71</u> | <u>2,852,843.87</u> |
| Federal and State Grant Fund: | | |
| Unappropriated Reserves | 1,600.00 | 1,600.00 |
| Appropriated Reserves | 554,863.35 | 404,459.80 |
| Due to Current Fund | 207,625.92 | 212,625.92 |
| Reserve for Encumbrances | 64,012.37 | 50,212.02 |
| Total Federal and State Grant Fund | <u>828,101.64</u> | <u>668,897.74</u> |
| Total Current Fund | <u>\$ 3,593,938.35</u> | <u>3,521,741.61</u> |

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

| | 2020 | 2019 |
|---|----------------------|----------------------|
| Revenue and Other Income Realized | | |
| Fund Balance | \$ 589,000.00 | 560,000.00 |
| Miscellaneous Revenue Anticipated | 3,427,420.14 | 2,896,980.78 |
| Receipts from Delinquent Taxes | 227,968.80 | 333,167.77 |
| Receipts from Current Taxes | 32,753,027.63 | 32,137,827.69 |
| Non Budget Revenue | 45,040.02 | 26,977.79 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Res. | 230,537.03 | 129,166.35 |
| Cancellation of Prior Year Liabilities | 989.00 | 5,000.00 |
| Interfund Returned | 5,000.00 | - |
| Total Income | <u>37,278,982.62</u> | <u>36,089,120.38</u> |
| Expenditures | | |
| Budget and Emergency Appropriations: | | |
| Appropriations Within "CAPS" | | |
| Operations: | | |
| Salaries and Wages | 3,506,474.00 | 3,268,481.00 |
| Other Expenses | 3,898,029.00 | 3,658,830.00 |
| Deferred Charges & Statutory Expenditures | 985,191.52 | 962,303.57 |
| Appropriations Excluded from "CAPS" | | |
| Operations: | | |
| Other Expenses | 1,872,739.49 | 1,746,864.94 |
| Capital Improvements | 680,500.00 | 299,000.00 |
| Municipal Debt Service | 1,636,704.34 | 1,871,200.28 |
| Local District School Debt Service | 425,888.00 | 430,840.00 |
| Local District School Tax | 12,680,402.00 | 12,123,298.00 |
| Regional District High School Tax | 6,549,332.00 | 6,677,810.00 |
| County Tax | 4,507,395.86 | 4,408,503.31 |
| County Share of Added Tax | 9,325.42 | 6,549.15 |
| Interfund Created | - | 5,000.00 |
| Refund of Prior Year's Revenue | 11,965.00 | - |
| Total Expenditures | <u>36,763,946.63</u> | <u>35,458,680.25</u> |
| Excess in Revenue | <u>515,035.99</u> | <u>630,440.13</u> |

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

| | 2020 | 2019 |
|---|---------------|--------------|
| Adjustments to Income before Fund Balance: | | |
| Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year | | |
| None | - | - |
| Total Adjustments | - | - |
| Statutory Excess to Fund Balance | 515,035.99 | 630,440.13 |
| Fund Balance January 1 | 1,037,915.39 | 967,475.26 |
| | 1,552,951.38 | 1,597,915.39 |
| Decreased by: | | |
| Utilization as Anticipated Revenue | 589,000.00 | 560,000.00 |
| Fund Balance December 31 | \$ 963,951.38 | 1,037,915.39 |

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Anticipated | | Excess or (Deficit) |
|--|---------------------|-----------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | |
| Fund Balance Anticipated | \$ 589,000.00 | | |
| Total Fund Balance Anticipated | <u>589,000.00</u> | <u>-</u> | <u>-</u> |
| Miscellaneous Revenues: | | | |
| Section A: Local Revenues | | | |
| Licenses: | | | |
| Other | 50,000.00 | | 742.68 |
| Fines and Costs: | | | |
| Municipal Court | 105,000.00 | | (39,775.70) |
| Interest and Costs on Taxes | 84,000.00 | | (17,891.13) |
| Interest Earned on Investments and Deposits | 27,000.00 | | 10,349.03 |
| Sewer Use Charges | 1,325,000.00 | | (28,097.00) |
| Parking Permits | 8,000.00 | | (515.00) |
| Planning and Zoning Fees and Permits | 5,000.00 | | (1,000.00) |
| Total Section A: Local Revenues | <u>1,604,000.00</u> | <u>-</u> | <u>(76,187.12)</u> |
| Section B: State Aid Without Offsetting Appropriations | | | |
| Energy Receipts Tax | 571,608.00 | | - |
| Type 1 School Debt Service Aid | 28,000.00 | | 1,080.00 |
| Total Section B: State Aid Without Offsetting Appropriations | <u>599,608.00</u> | <u>-</u> | <u>1,080.00</u> |

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Anticipated | | Excess or (Deficit) |
|---|-------------------|-------------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | |
| Section C: Uniform Construction Code Fees | | | |
| Uniform Construction Code Fees | 195,000.00 | | (27,295.50) |
| Total Section C: Uniform Construction Code Fees | <u>195,000.00</u> | <u>-</u> | <u>(27,295.50)</u> |
| Section D: Special Items - Shared Service Agreements Offset with Appropriations | | | |
| Shared Services-Municipal Court Northfield Share | 145,000.00 | | - |
| Total Section D: Special Items - Shared Service Agreements Offset with Appropriations | <u>145,000.00</u> | <u>-</u> | <u>-</u> |
| Section F: Special Items - Public and Private Programs Off-Set with Appropriations | | | |
| Frank H. Stewart Trust Seaview Open Space | 140,000.00 | | - |
| Municipal Alliance on Alcoholism and Drug Abuse Recycling Tonnage | 9,485.00 | | - |
| New Jersey Historic Preservation Trust | 7,749.42 | | - |
| Body Armor Grant | 60,000.00 | | - |
| Clean Communities | 2,010.82 | | - |
| Atlantic County Open Space Trust Fund | | 17,088.00 | - |
| NJ Department of Transportation Trust Fund | 442,000.00 | 226,000.00 | - |
| Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations | <u>661,245.24</u> | <u>243,088.00</u> | <u>-</u> |
| | | <u>904,333.24</u> | <u>-</u> |

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Anticipated | | |
|--|-------------------------|-------------------|------------------------|
| | Budget | N.J.S. 40A:4-87 | Realized |
| | | | Excess or (Deficit) |
| Section G: Other Special Items | | | |
| Uniform Fire Safety Act | 25,724.00 | | 26,401.68 |
| Cell Phone Tower Rent | 56,000.00 | | 55,479.84 |
| | <u>81,724.00</u> | - | <u>81,881.52</u> |
| Total Section G: Other Special Items | | | <u>157.52</u> |
| Total Miscellaneous Revenues: | 3,286,577.24 | 243,088.00 | 3,427,420.14 |
| Receipts from Delinquent Taxes | 245,140.00 | | 227,968.80 |
| Amount to be Raised by Taxes for Support of Municipal Budget | | | |
| Local Tax for Municipal Purposes | 8,656,100.77 | | 8,902,877.35 |
| Amount for Local District Tax | 397,888.00 | | 397,888.00 |
| Library Tax | 305,807.00 | | 305,807.00 |
| Total Amount to be Raised by Taxes for Support of Municipal Budget | <u>9,359,795.77</u> | - | <u>9,606,572.35</u> |
| Budget Totals | 13,480,513.01 | 243,088.00 | 13,850,961.29 |
| Non- Budget Revenues: | | | |
| Other Non- Budget Revenues: | | | 45,040.02 |
| | <u>\$ 13,480,513.01</u> | <u>243,088.00</u> | <u>13,896,001.31</u> |
| | | | <u>172,400.30</u> |

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

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

| | | |
|--------------------------|----|---------------|
| Revenue from Collections | \$ | 32,753,027.63 |
|--------------------------|----|---------------|

Allocated to:

| | | |
|--------------------------------|--|---------------|
| School, County and Other Taxes | | 23,746,455.28 |
|--------------------------------|--|---------------|

| | | |
|--|--|--------------|
| Balance for Support of Municipal Budget Appropriations | | 9,006,572.35 |
|--|--|--------------|

Increased by:

| | | |
|--|--|------------|
| Appropriation "Reserved for Uncollected Taxes" | | 600,000.00 |
|--|--|------------|

| | | |
|---|--|--------------|
| Amount for Support of Municipal Budget Appropriations | | 9,606,572.35 |
|---|--|--------------|

Receipts from Delinquent Taxes:

| | | |
|---------------------------|------------|--|
| Delinquent Tax Collection | 227,968.80 | |
|---------------------------|------------|--|

| | | |
|----------------------------|---|--|
| Tax Title Lien Collections | - | |
|----------------------------|---|--|

| | | |
|--------------------------------------|--|------------|
| Total Receipts from Delinquent Taxes | | 227,968.80 |
|--------------------------------------|--|------------|

Analysis of Non-Budget Revenue:

Clerk:

| | | |
|--------------|--------|--|
| Clerk Copies | 338.73 | |
|--------------|--------|--|

Other Miscellaneous:

| | | |
|----------------------------------|----------|--|
| Accident Reports and Gun Permits | 2,660.35 | |
|----------------------------------|----------|--|

| | | |
|--|----------|--|
| Administration Fees - Senior Citizens & Veterans | 1,072.43 | |
|--|----------|--|

| | | |
|------------------------------------|-----------|--|
| State of NJ Cares Act COVID Relief | 24,220.00 | |
|------------------------------------|-----------|--|

| | | |
|------------------|-----------|--|
| Foreclosure Fees | 15,300.00 | |
|------------------|-----------|--|

| | | |
|---------------|--------|--|
| Other Refunds | 280.04 | |
|---------------|--------|--|

| | | |
|-------------|--------|--|
| Restitution | 468.47 | |
|-------------|--------|--|

| | | |
|--------------|--------|--|
| Tax Searches | 200.00 | |
|--------------|--------|--|

| | | |
|-----------------|--------|--|
| Towing Licenses | 500.00 | |
|-----------------|--------|--|

| | | |
|--|--|-----------|
| | | 45,040.02 |
|--|--|-----------|

| | | |
|--|----|-----------|
| Total Miscellaneous Revenue Not Anticipated: | \$ | 45,040.02 |
|--|----|-----------|

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---------------------------------|----------------|----------------------------|-----------------|------------|----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| \$ | 3,600.00 | 1,600.00 | 1,185.00 | 85.00 | 330.00 | |
| General Administration | | | | | | |
| Other Expenses | | | | | | |
| Mayor and Council | | | | | | |
| Salaries and Wages | 65,935.00 | 65,935.00 | 65,491.80 | - | 443.20 | |
| Municipal Clerk | | | | | | |
| Salaries and Wages | 145,656.00 | 145,656.00 | 144,773.41 | - | 882.59 | |
| Other Expenses | 40,200.00 | 44,200.00 | 42,459.75 | 1,548.14 | 192.11 | |
| Elections | | | | | | |
| Other Expenses | 6,500.00 | 4,500.00 | 4,491.26 | - | 8.74 | |
| Financial Administration | | | | | | |
| Salaries and Wages | 78,092.00 | 78,092.00 | 78,091.05 | - | 0.95 | |
| Other Expenses | 28,000.00 | 28,000.00 | 26,633.02 | 501.36 | 865.62 | |
| Audit Services | | | | | | |
| Other Expenses | 29,200.00 | 29,200.00 | 29,200.00 | - | - | |
| Assessment of Taxes | | | | | | |
| Salaries and Wages | 33,263.00 | 33,264.00 | 33,263.04 | - | 0.96 | |
| Other Expenses | 15,490.00 | 10,490.00 | 1,667.10 | 7,875.39 | 947.51 | |
| Tax Collector | | | | | | |
| Salaries and Wages | 78,420.00 | 78,420.00 | 73,457.50 | - | 962.50 | 4,000.00 |
| Other Expenses | 15,000.00 | 15,000.00 | 11,688.19 | 740.09 | 2,571.72 | |
| Paying Agent Fees | 5.00 | 5.00 | - | - | 5.00 | |
| Legal Services | | | | | | |
| Other Expenses | 135,000.00 | 115,000.00 | 103,045.73 | - | 1,954.27 | 10,000.00 |
| Municipal Prosecutor | | | | | | |
| Other Expenses | 28,400.00 | 28,400.00 | 24,400.00 | - | 4,000.00 | |
| Engineering & Planning Services | | | | | | |
| Other Expenses | | | | | | |
| Professional Services | 35,000.00 | 35,000.00 | 20,971.00 | 4,651.00 | 378.00 | 9,000.00 |
| Public Buildings and Grounds | | | | | | |
| Other Expenses | 319,000.00 | 334,000.00 | 325,688.80 | 7,960.48 | 350.72 | |
| Shade Tree | | | | | | |
| Other Expenses | 400.00 | 400.00 | - | - | 400.00 | |

OPERATIONS WITHIN "CAPS"
GENERAL GOVERNMENT:

General Administration
 Other Expenses
 Mayor and Council
 Salaries and Wages
 Municipal Clerk
 Salaries and Wages
 Other Expenses
 Elections
 Other Expenses
 Financial Administration
 Salaries and Wages
 Other Expenses
 Audit Services
 Other Expenses
 Assessment of Taxes
 Salaries and Wages
 Other Expenses
 Tax Collector
 Salaries and Wages
 Other Expenses
 Paying Agent Fees
 Legal Services
 Other Expenses
 Municipal Prosecutor
 Other Expenses
 Engineering & Planning Services
 Other Expenses
 Professional Services
 Public Buildings and Grounds
 Other Expenses
 Shade Tree
 Other Expenses

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Appropriations | | Budget After Modifications | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--------------------------------------|----------------|-------------------------------|-------------------------------|--------------------|------------|-----------|---|
| | Budget | Budget After Modifications | | | Encumbered | Reserved | |
| INSURANCE | | | | | | | |
| General Liability | 148,937.00 | 128,636.00 | 120,013.61 | - | - | 8,622.39 | |
| Workers Compensation | 317,899.00 | 294,899.00 | 294,720.25 | - | - | 178.75 | |
| Employee Group Health | 1,101,080.00 | 1,071,080.00 | 1,043,575.20 | 5,914.07 | 5,914.07 | 6,590.73 | 15,000.00 |
| Employee Group Health Waiver | 5.00 | 5.00 | - | - | - | 5.00 | |
| LAND USE ADMINISTRATION | | | | | | | |
| Planning Board | | | | | | | |
| Salaries and Wages | 9,560.00 | 9,560.00 | 9,417.79 | - | - | 142.21 | |
| Other Expenses | 35,000.00 | 35,000.00 | 11,271.11 | 21,547.00 | 21,547.00 | 2,181.89 | |
| PUBLIC SAFETY | | | | | | | |
| Uniform Fire Safety Act | | | | | | | |
| Salaries and Wages | 15,502.00 | 15,502.00 | 14,416.70 | - | - | 1,085.30 | |
| Other Expenses | 10,222.00 | 10,222.00 | 1,440.55 | - | - | 8,781.45 | |
| Fire | | | | | | | |
| Salaries and Wages | 365,898.00 | 368,898.00 | 365,889.65 | - | - | 3,008.35 | |
| Other Expenses | 20.00 | 20.00 | - | - | - | 20.00 | |
| Lease of Fire House | 80,500.00 | 80,500.00 | 40,898.26 | 36,614.06 | 36,614.06 | 2,987.68 | |
| Misc. Other Expenses | | | | | | | |
| Aid to Volunteer Fire Company | 40,000.00 | 65,000.00 | 39,250.00 | 19,625.00 | 19,625.00 | 6,125.00 | |
| Operation and Maintenance | | | | | | | |
| Police | | | | | | | |
| Salaries and Wages | 2,015,782.00 | 2,008,782.00 | 1,924,657.06 | 1,747.17 | 1,747.17 | 22,377.77 | 60,000.00 |
| Other Expenses | 147,399.00 | 147,399.00 | 83,725.05 | 57,212.29 | 57,212.29 | 6,461.66 | |
| Emergency Management Services | | | | | | | |
| Salaries and Wages | 1,033.00 | 1,033.00 | 1,032.00 | - | - | 1.00 | |
| Other Expenses | 19,692.00 | 19,692.00 | 9,421.02 | 1,809.87 | 1,809.87 | 1,461.11 | 7,000.00 |
| SANITATION | | | | | | | |
| Road Repairs and Maintenance | | | | | | | |
| Salaries and Wages | 444,337.00 | 451,337.00 | 435,161.89 | - | - | 16,175.11 | |
| Other Expenses | 175,000.00 | 168,000.00 | 144,225.34 | 19,207.29 | 19,207.29 | 4,567.37 | |
| Sewer System | | | | | | | |

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Appropriations | | Budget After Modifications | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|------------------------------------|----------------|----------------------------|----------------------------|-----------------|------------|-----------|--|
| | Budget | Budget After Modifications | | | Encumbered | Reserved | |
| Other Expenses | | | | | | | |
| Finance and Administration | 5,050.00 | 5,050.00 | 5,050.00 | 4,541.00 | - | 509.00 | |
| Operations and Maintenance | 25,000.00 | 25,000.00 | 25,000.00 | 16,000.51 | - | 8,999.49 | |
| Miscellaneous Other Expenses | 179,937.00 | 179,937.00 | 179,937.00 | 179,599.74 | - | 337.26 | |
| Landfill-Tipping Fees | 440,000.00 | 490,000.00 | 490,000.00 | 482,430.79 | - | 7,569.21 | |
| Municipal Services Act - Condos | 48,229.00 | 48,229.00 | 48,229.00 | 48,229.00 | - | - | |
| HEALTH AND HUMAN SERVICES | | | | | | | |
| Dog Warden | | | | | | | |
| Contractual | 9,600.00 | 9,600.00 | 9,600.00 | 8,800.00 | 800.00 | - | |
| PARKS AND RECREATION FUNCTIONS | | | | | | | |
| Parks and Play Grounds | | | | | | | |
| Salaries and Wages | 7,627.00 | 7,627.00 | 7,627.00 | 7,627.00 | - | - | |
| Other Expenses | 36,850.00 | 36,850.00 | 36,850.00 | 11,474.17 | 15,558.44 | 9,817.39 | |
| Historian | | | | | | | |
| Other Expenses | 500.00 | 500.00 | 500.00 | 480.00 | - | 20.00 | |
| MUNICIPAL COURT | | | | | | | |
| Municipal Court | | | | | | | |
| Salaries and Wages | 171,242.00 | 171,242.00 | 171,242.00 | 169,183.75 | - | 2,058.25 | |
| Other Expenses | 12,500.00 | 12,500.00 | 12,500.00 | 9,333.36 | 1,770.60 | 1,396.04 | |
| Public Defender (P.L. 1997, C.256) | | | | | | | |
| Other Expenses | 12,000.00 | 12,000.00 | 12,000.00 | 9,500.00 | 2,500.00 | - | |
| UNIFORM CONSTRUCTION CODE | | | | | | | |
| State Uniform Construction Code | | | | | | | |
| Construction Official | | | | | | | |
| Salaries and Wages | 135,116.00 | 135,116.00 | 135,116.00 | 128,212.61 | - | 6,903.39 | |
| Other Expenses | 4,820.00 | 6,820.00 | 6,820.00 | 4,034.40 | 1,634.26 | 1,151.34 | |
| UNCLASSIFIED | | | | | | | |
| Utilities | | | | | | | |
| Gasoline | 45,000.00 | 45,000.00 | 45,000.00 | 27,011.10 | - | 17,988.90 | |
| Electric | 100,000.00 | 105,000.00 | 105,000.00 | 97,099.12 | 5,581.01 | 2,319.87 | |
| Telephone | 49,000.00 | 49,000.00 | 49,000.00 | 44,539.83 | 3,677.10 | 783.07 | |
| Natural Gas | 32,000.00 | 32,000.00 | 32,000.00 | 29,748.21 | 178.93 | 2,072.86 | |
| Street Lighting | 130,000.00 | 135,000.00 | 135,000.00 | 134,930.26 | - | 69.74 | |
| Fire Hydrant Services | 71,000.00 | 71,300.00 | 71,300.00 | 65,274.00 | 5,934.00 | 92.00 | |
| Water and Sewer | 7,000.00 | 7,000.00 | 7,000.00 | 4,820.22 | 382.26 | 1,797.52 | |

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Appropriations | | Budget After Modifications | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|---------------------|--|-------------------------------|---------------------|-------------------|-------------------|---|
| | Budget | | | | Encumbered | Reserved | |
| Public Access Channel 2 | 1,500.00 | | 1,500.00 | - | - | 1,500.00 | |
| Accumulated Leave | | | | | | | |
| Salaries and Wages | 5.00 | | 5.00 | - | - | 5.00 | |
| TOTAL OPERATIONS WITHIN "CAPS" | 7,509,003.00 | | 7,509,003.00 | 7,008,491.20 | 225,054.81 | 170,456.99 | 105,000.00 |
| Contingent | 500.00 | | 500.00 | - | - | 500.00 | |
| TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS" | 7,509,503.00 | | 7,509,503.00 | 7,008,491.20 | 225,054.81 | 170,956.99 | 105,000.00 |
| Detail: | | | | | | | |
| Salaries and Wages | 3,567,473.00 | | 3,570,474.00 | 3,450,675.25 | 1,747.17 | 54,051.58 | 64,000.00 |
| Other Expenses | 3,942,030.00 | | 3,939,029.00 | 3,557,815.95 | 223,307.64 | 116,905.41 | 41,000.00 |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES: | | | | | | | |
| Deferred Charges: | | | | | | | |
| None | - | | - | - | - | - | |
| Statutory Expenditures: | | | | | | | |
| Contributions to: | | | | | | | |
| Public Employees' Retirement System | 137,392.52 | | 137,392.52 | | | | |
| Public Employees' Retirement System ERI | 34,625.00 | | 34,625.00 | | | | |
| Social Security System (O.A.S.I.) | 260,000.00 | | 260,000.00 | 244,921.45 | | 5,078.55 | 10,000.00 |
| Police and Firemen's Retirement System | 483,876.00 | | 483,876.00 | | | | |
| Police and Firemen's Retirement System ERI | 54,298.00 | | 54,298.00 | | | | |
| Unemployment Compensation Insurance | 15,000.00 | | 15,000.00 | 10,469.33 | | 4,530.67 | |
| Defined Contribution Retirement Program | 10,000.00 | | 10,000.00 | 5,521.20 | | 4,478.80 | |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES: | 995,191.52 | | 995,191.52 | 971,103.50 | - | 14,088.02 | 10,000.00 |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | 8,504,694.52 | | 8,504,694.52 | 7,979,594.70 | 225,054.81 | 185,045.01 | 115,000.00 |

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|----------------|----------------------------|-----------------|------------|----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| OPERATIONS - EXCLUDED FROM "CAPS" | | | | | | |
| (A) Operations - Excluded from "CAPS" | | | | | | |
| Maintenance of Free Public Library | 305,807.00 | 305,807.00 | 305,807.00 | - | - | - |
| Other Expenses | | | | | | |
| Atlantic County Sewerage Authority | 501,403.00 | 501,403.00 | 501,403.00 | - | - | - |
| Share of Costs | 11,520.00 | 11,520.00 | 11,520.00 | - | - | - |
| City of Northfield's Share of Sewer Rents | 8,500.00 | 8,500.00 | 8,500.00 | - | - | - |
| Recycling Tax | 6,900.00 | 6,900.00 | 6,900.00 | - | - | - |
| Length of Service Award Program | 8,000.00 | 8,000.00 | 6,195.01 | - | 1,804.99 | - |
| NJPDES Stormwater Permit NJSA 40A:4-45.3(cc) | 2,500.00 | 2,500.00 | 2,000.00 | - | 500.00 | - |
| Streets & Roads O/E | 500.00 | 500.00 | - | 355.00 | 145.00 | - |
| NJPDES Landfill Discharge NJSA 40A:4-45.3(cc) | | | | | | |
| Landfill Tipping Fees | 365,750.00 | 365,750.00 | 365,750.00 | - | - | - |
| NJPDES Stormwater Permit NJSA 40A:4-45.3(cc) | 40,500.00 | 40,500.00 | 36,750.00 | 3,750.00 | - | - |
| Municipal Clerk O/E | 145,655.00 | 145,655.00 | 145,655.00 | - | - | - |
| Interlocal Municipal Service Agreements | 1,397,035.00 | 1,397,035.00 | 1,390,480.01 | 4,105.00 | 2,449.99 | - |
| Dispatch Shared Services | | | | | | |
| Emergency Medical Services | | | | | | |
| Sewer System Services | | | | | | |
| (A) Public and Private Programs Off-Set by Revenues | | | | | | |
| Matching Funds | 11,000.00 | 11,000.00 | 11,000.00 | - | - | - |
| Municipal Alliance-Alcoholism and Drug Abuse | | | | | | |
| County Share | 9,485.00 | 9,485.00 | 9,485.00 | - | - | - |
| Local Share | 2,371.25 | 2,371.25 | 2,371.25 | - | - | - |
| Body Armor Grant | 2,010.82 | 2,010.82 | 2,010.82 | - | - | - |
| Frank H. Stewart Trust Seaview Open Space | 140,000.00 | 140,000.00 | 140,000.00 | - | - | - |
| Clean Communities Program | | | 17,088.00 | - | - | - |
| Recycling Tonnage Grant | 7,749.42 | 7,749.42 | 7,749.42 | - | - | - |
| New Jersey Historic Trust | 60,000.00 | 60,000.00 | 60,000.00 | - | - | - |
| Atlantic County Open Space Trust Fund | | | 226,000.00 | - | - | - |
| Total Public and Private Programs Off-Set by Revenues | 232,616.49 | 475,704.49 | 475,704.49 | - | - | - |

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|---|----------------|----------------------------|-----------------|------------|----------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| Total Operations - Excluded from "CAPS" Detail: | 1,629,651.49 | 1,872,739.49 | 1,866,184.50 | 4,105.00 | 2,449.99 | - |
| Salaries and Wages | | | | | | |
| Other Expenses | 1,629,651.49 | 1,872,739.49 | 1,866,184.50 | 4,105.00 | 2,449.99 | - |
| (C) Capital Improvements | | | | | | |
| Capital Improvement Fund | 238,500.00 | 238,500.00 | 238,500.00 | - | - | - |
| (C) Public and Private Programs Off-Set by Revenues | | | | | | |
| NJ Department of Transportation Grant | | | | | | |
| Reconstruction of Wabash Avenue | 315,000.00 | 315,000.00 | 315,000.00 | | | |
| Bike Path Extension | 127,000.00 | 127,000.00 | 127,000.00 | | | |
| Total Public and Private Programs Off-Set by Revenues | 442,000.00 | 442,000.00 | 442,000.00 | - | - | - |
| Total Capital Improvements | 680,500.00 | 680,500.00 | 680,500.00 | - | - | - |
| (D) Debt Service | | | | | | |
| Payment of Bond Principal | 1,237,222.00 | 1,237,222.00 | 1,237,222.00 | | | |
| Payment of Bond Anticipation Notes | 87,465.00 | 87,465.00 | 87,465.00 | | | |
| Interest on Bonds | 121,665.00 | 121,665.00 | 121,665.00 | | | |
| Interest on Notes | 98,436.00 | 98,436.00 | 98,435.10 | | | 0.90 |
| Green Trust Loan Program: | | | | | | |
| Loan Repayments for Principal and Interest | 9,741.00 | 9,741.00 | 9,740.41 | | | 0.59 |
| NJEIT Loans & Bonds | 85,250.00 | 85,250.00 | 82,176.83 | | | 3,073.17 |
| Total Debt Service | 1,639,779.00 | 1,639,779.00 | 1,636,704.34 | - | - | 3,074.66 |
| (E) Deferred Charges | | | | | | |
| None | - | - | - | | | |
| Total Deferred Charges | - | - | - | - | - | - |
| (N) Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 & 17.3) | - | - | - | | | |

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

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

| | Appropriations | | Paid or Charged | Expended | | (Over expended) Unexpended Balance Cancelled |
|--|------------------|----------------------------|-----------------|------------|--------------|--|
| | Budget | Budget After Modifications | | Encumbered | Reserved | |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS" | 3,949,930.49 | 4,193,018.49 | 4,183,388.84 | 4,105.00 | 2,449.99 | 3,074.66 |
| FOR LOCAL DISTRICT SCHOOL PURPOSES - EXCLUDED FROM "CAPS" | | | | | | |
| Type 1 District School Debt Service | 382,778.00 | 382,778.00 | 382,778.00 | - | - | - |
| Payment of Bond Principal | 43,110.00 | 43,110.00 | 43,110.00 | - | - | - |
| Interest on Bonds | | | | | | |
| TOTAL TYPE 1 DISTRICT SCHOOL DEBT SERVICE | 425,888.00 | 425,888.00 | 425,888.00 | - | - | - |
| SUBTOTAL GENERAL APPROPRIATIONS | 12,880,513.01 | 13,123,601.01 | 12,588,871.54 | 229,159.81 | 187,495.00 | 118,074.66 |
| (M) Reserve for Uncollected Taxes | 600,000.00 | 600,000.00 | 600,000.00 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS | \$ 13,480,513.01 | 13,723,601.01 | 13,188,871.54 | 229,159.81 | 187,495.00 | 118,074.66 |
| Budget | | 13,480,513.01 | | | Cancelled | 118,074.66 |
| Appropriations by 40A:4-87 | | 243,088.00 | | | Overexpended | - |
| Emergency Appropriations | | - | | | | |
| | | <u>13,723,601.01</u> | | | | <u>118,074.66</u> |
| Reserve for Uncollected Taxes | | 600,000.00 | | | | |
| Federal and State Grants | | 904,333.24 | | | | |
| Deferred Charges | | - | | | | |
| Disbursements | | 11,684,538.30 | | | | |
| | | <u>13,188,871.54</u> | | | | |

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

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EXHIBIT B - TRUST FUNDS

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**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

| | 2020 | 2019 |
|---|---------------|------------|
| <u>ASSETS</u> | | |
| Animal Control Fund: | | |
| Cash - Treasurer | \$ 26,391.10 | 26,386.30 |
| | 26,391.10 | 26,386.30 |
| LOSAP (unaudited) | | |
| Investment | 164,188.38 | 192,395.55 |
| | 164,188.38 | 192,395.55 |
| Other Funds | | |
| Cash - Treasurer | 504,116.83 | 471,637.93 |
| Due from Current Fund | | |
| Public Defender Fees | - | 989.00 |
| Payroll Trust | 1,806.62 | 1,806.62 |
| | 505,923.45 | 474,433.55 |
| | 696,502.93 | 693,215.40 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Animal Control Fund | | |
| Reserve for: | | |
| Dog Expenditures | 3,323.20 | 3,352.40 |
| Cat Expenditures | 11,728.69 | 11,694.69 |
| Due to Current Fund | 11,339.21 | 11,339.21 |
| | 26,391.10 | 26,386.30 |
| LOSAP (unaudited) | | |
| Reserve for LOSAP | 164,188.38 | 192,395.55 |
| | \$ 164,188.38 | 192,395.55 |

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

**TRUST FUND
 COMPARATIVE BALANCE SHEET - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31,**

| | 2020 | 2019 |
|---|---------------|------------|
| Other Funds | | |
| Payroll Taxes Payable | \$ 3,198.62 | 35,520.23 |
| Tax Title Lien Redemptions and Premiums | 283,950.83 | 254,732.44 |
| Reserves for Miscellaneous Trusts | 218,774.00 | 184,180.88 |
| | 505,923.45 | 474,433.55 |
| | \$ 696,502.93 | 693,215.40 |

EXHIBIT C - GENERAL CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

| <u>ASSETS</u> | <u>2020</u> | <u>2019</u> |
|--|-------------------------|----------------------|
| Cash | \$ 5,687,398.09 | 1,057,027.09 |
| Deferred Charges to Future Taxation - | | |
| Funded | 12,937,378.92 | 5,540,469.08 |
| Unfunded | <u>1,204,396.00</u> | <u>6,132,761.00</u> |
| | <u>19,829,173.01</u> | <u>12,730,257.17</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | |
| Encumbrances Payable | 1,256,671.74 | 104,666.30 |
| Bond Anticipation Notes Payable | - | 4,935,465.00 |
| Serial Bonds Payable | 11,135,000.00 | 3,270,623.00 |
| Green Trust Loan Payable | 14,323.22 | 23,637.23 |
| Environmental Infrastructure Trust Loans Payable | 848,055.70 | 921,831.85 |
| School Serial Bonds | 940,000.00 | 1,324,377.00 |
| Reserve for Payment Bonds and Notes | 660,146.73 | 144,621.71 |
| Reserve for Improvements to Sewer System | 25,000.00 | 25,000.00 |
| Improvement Authorizations: | | |
| Funded | 4,108,814.64 | 691,566.82 |
| Unfunded | 722,115.22 | 1,169,022.50 |
| Capital Improvement Fund | 117,755.00 | 118,155.00 |
| Fund Balance | 1,290.76 | 1,290.76 |
| | <u>\$ 19,829,173.01</u> | <u>12,730,257.17</u> |

There were bonds and notes authorized but not issued at December 31,

| | |
|------|--------------|
| 2019 | 1,197,296.00 |
| 2020 | 1,204,396.00 |

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

| | <u>2020</u> | <u>2019</u> |
|-----------------------------|--------------------|-----------------|
| Beginning Balance January 1 | \$ 1,290.76 | 1,290.76 |
| No Activity | | |
| Ending Balance December 31 | <u>\$ 1,290.76</u> | <u>1,290.76</u> |

EXHIBIT G - GENERAL FIXED ASSETS

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GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS
AS OF DECEMBER 31,

| | <u>2020</u> | <u>2019</u> |
|------------------------------------|-------------------------|----------------------|
| General Fixed Assets: | | |
| Land | \$ 2,957,713.13 | 2,815,882.21 |
| Buildings | 5,552,836.82 | 5,552,836.82 |
| Machinery and Equipment | 3,321,769.58 | 3,159,348.39 |
| Vehicles | <u>3,566,127.59</u> | <u>3,453,437.57</u> |
| Total General Fixed Assets | <u>15,398,447.12</u> | <u>14,981,504.99</u> |
| | | |
| Investment in General Fixed Assets | \$ <u>15,398,447.12</u> | <u>14,981,504.99</u> |

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

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NOTES TO FINANCIAL STATEMENTS

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Linwood include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Linwood, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The Linwood Public Library, 301 Davis Avenue, Linwood, NJ 08221 is a component unit. However, under the regulatory basis of accounting in New Jersey, component units are neither blended nor shown in a discrete presentation in the financial statements of the City. The Linwood Public Library has an independent audit performed and a copy is available at the Library. Effective November 9, 2016, the Linwood Board of Education became a Type II school district however the City continues to be obligated to budget Type I school debt service through 12/31/2024. The Board of Education does have an independent audit performed and a copy is available at the Board's offices.

B. Description of Funds

The accounting policies of the City of Linwood conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Linwood 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.

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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 for all funds are 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 -- The City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from accounting principles generally accepted in the United States of America.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$500 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2020 and 2019.

| | Balance as of 12/31/2019 | Adjustments/ Additions | Adjustments/ Deletions | Balance as of 12/31/2020 |
|------------------------------|--------------------------------|---------------------------|---------------------------|--------------------------------|
| Land | \$ 2,815,882.21 | 141,830.92 | | 2,957,713.13 |
| Buildings and Improvements | 5,552,836.82 | - | | 5,552,836.82 |
| Furniture, Fixtures & Equip. | 3,159,348.39 | 162,421.19 | | 3,321,769.58 |
| Vehicles | 3,453,437.57 | 112,690.02 | | 3,566,127.59 |
| Total | 14,981,504.99 | 416,942.13 | - | 15,398,447.12 |

| | Balance as of 12/31/2018 | Adjustments/ Additions | Adjustments/ Deletions | Balance as of 12/31/2019 |
|------------------------------|--------------------------------|---------------------------|---------------------------|--------------------------------|
| Land | 2,663,681.92 | 152,200.29 | | 2,815,882.21 |
| Buildings and Improvements | 5,542,081.82 | 10,755.00 | | 5,552,836.82 |
| Furniture, Fixtures & Equip. | 2,893,388.65 | 278,709.74 | 12,750.00 | 3,159,348.39 |
| Vehicles | 3,375,114.57 | 107,623.22 | 29,300.22 | 3,453,437.57 |
| Total | \$ 14,474,266.96 | 549,288.25 | 42,050.22 | 14,981,504.99 |

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the City to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Capitalization of Interest -- It is the policy of the City to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the statutory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences – Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. New Jersey municipalities are permitted to accrue a compensated absences liability. The City has begun to accumulate funds for accrued absences. See Note 15 for additional information on the City's compensated absences policy.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

D. Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenues-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

E. Recent Accounting Pronouncements Not Yet Effective

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides – through GASB Statement No. 93 and Implementation Guide No. 2019-03 – that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, are now deferred by either one year or eighteen months. GASB has recently extended the effective date another one year or eighteen months.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, “Conduit Debt Obligations”. This statement, which is effective for periods beginning after December 15, 2021, will not have any effect on the City’s financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, “Replacement of Interbank Offered Rates”. This statement, which is effective for periods ending December 31, 2021, will not have any effect on the City’s financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”. This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City’s financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, “Subscription-Based Information Technology Arrangements”. This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City’s financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No 14 and No. 84, and a supersession of GASB Statement No. 32.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$600,000.00 and \$810,000.00, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$589,000.00 and \$560,000.00, respectively.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2020 and 2019 calendar years:

| | 2020 | 2019 |
|---|-------------|-------------|
| Financial Administration - Other Expenses | - | 15,000.00 |
| Legal Services - Other Expenses | (20,000.00) | - |
| Public Buildings and Grounds - Other Expenses | 15,000.00 | - |
| General Insurance | (20,301.00) | - |
| Worker's Compensation Insurance | (23,000.00) | - |
| Aid to Volunteer Fire Co - Operations | 25,000.00 | - |
| Construction Official - Salaries and Wages | - | 30,000.00 |
| Health Insurance - Other Expenses | (30,000.00) | (76,001.00) |

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2020 calendar year, City Council approved budget insertions for Clean Communities and Atlantic County Open Space Trust Fund in the amount of \$17,088.00 and 226,000.00, respectively. During the 2019 calendar year, City Council approved budget insertions for Clean Communities and NJ Department of Transportation in the amounts of \$18,952.70 and \$290,000.00, respectively.

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During the 2020 and 2019 calendar years, no emergency appropriations or special emergencies were approved by City Council.

In addition, NJSA 40A:4-60 permits the Governing Body to cancel, by resolution, any unexpended balances of appropriations prior to year end. The following significant cancellations were approved in the 2020 and 2019 calendar years:

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | 2020 | 2019 |
|-----------------------|-----------|-----------|
| Insurance | | |
| Workers Comp | \$ - | 15,000.00 |
| Employee Group Health | 15,000.00 | 30,000.00 |
| Legal Services | | |
| Other Expenses | - | 20,000.00 |
| Police | | |
| Salaries and Wages | 60,000.00 | 40,000.00 |

Note 3: INVESTMENTS

As of December 31, 2020, and 2019, the municipality had no investments.

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

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the City may invest in any one issuer.

Unaudited Investments

As more fully described in Note 19, the City has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the City. All investments are valued at contract value. In accordance with NJAC 5:30-14.37 the investments are maintained by Mass Mutual Financial Group. Mass Mutual Financial Group is an authorized provider approved by the Division of Local Government Services.

The balance in the account on December 31, 2020 and 2019 amounted to \$164,188.38 and \$192,395.55, respectively. The information on 5% or more invested with Mass Mutual Financial Group is not yet available.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2020, and 2019, \$0 of the municipality's bank balance of \$8,566,893.75 and \$4,125,256.78 was exposed to custodial credit risk.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

| | Balance 12/31/2019 | Additions | Payments | Ending 12/31/2020 | Due in One Year |
|----------------|-----------------------|---------------------|---------------------|----------------------|---------------------|
| General | \$ 4,216,092.08 | 9,100,000.00 | 1,318,713.16 | 11,997,378.92 | 1,333,277.38 |
| School | 1,324,377.00 | | 384,377.00 | 940,000.00 | 365,000.00 |
| Comp. Absences | 620,723.59 | 273,821.17 | 269,141.65 | 625,403.11 | - |
| Total | 6,161,192.67 | 9,373,821.17 | 1,972,231.81 | 13,562,782.03 | 1,698,277.38 |

| | Balance 12/31/2018 | Additions | Payments | Ending 12/31/2019 | Due in One Year |
|----------------|------------------------|-------------------|---------------------|----------------------|---------------------|
| General | 5,519,088.72 | | 1,302,996.64 | 4,216,092.08 | 1,318,713.16 |
| School | 1,699,287.00 | | 374,910.00 | 1,324,377.00 | 384,377.00 |
| Comp. Absences | 636,162.71 | 259,234.07 | 274,673.19 | 620,723.59 | 36,318.40 |
| Total | \$ 7,854,538.43 | 259,234.07 | 1,952,579.83 | 6,161,192.67 | 1,739,408.56 |

As of December 31, 2020, all outstanding bonds are included in the general capital fund and interest and principal reductions are included in the current operating budget of the City.

The regulatory basis of accounting in New Jersey does not recognize accumulated absences as long-term debt. Accumulated absence liabilities are more fully described in Note 16.

Summary of Municipal Debt

At December 31, 2020, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$5,960,000.00 General Obligation Refunding Bonds dated February 7, 2012 payable in annual installments through July 15, 2023. Interest is paid semiannually at varying rates ranging from 2.00% to 4.00% per annum. The total savings to the City was \$505,852.00, or 6.24% as a result of refunding the 2003 bond issue. The refunding bonds are not subject to optional redemption prior to their stated maturities. The balance remaining as of December 31, 2020 was \$ 2,035,000.00.

\$9,100,000.00 General Obligation Bonds dated July 15, 2020 payable in annual installments through July 15, 2030. Interest is paid semiannually at varying rates ranging from 2.00% to 4.00% per annum. Bonds maturing on or prior to July 15, 2027 are not subject to redemption prior to their respective maturity dates. Those maturing on or after July 15, 2028 are redeemable at the option of the City, in whole or in part, on any date on or after July 15, 2027, upon notice as required by the bondholders, plus accrued interest to the date fixed for redemption. The balance remaining as of December 31, 2020 was \$9,100,000.00.

\$150,000.00 Green Trust Loan dated July 9, 2002 for Lighting at All Wars Memorial Park in the City. This is a direct reduction loan payable semiannually with interest and principal with a balance due on December 31, 2020 of \$ 14,323.22. The bonds are payable semiannually on January 15 and July 15. Interest is calculated at 2%. The final payment is due January 15, 2022. The remaining balance as of December 31, 2020 was \$14,323.22.

\$360,000.00 New Jersey Environmental Infrastructure Trust Loan dated May 3, 2012 for the Southwest Drainage Improvement Project. Principal payments on this loan are payable annually on August 1, with a balance due on December 31, 2020 of \$240,000.00, with interest paid semi-annually on February 1 and

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

August 1. Interest rates vary from 2.00% to 5.00%. The final payment is due on August 1, 2031. The balance remaining as of December 31, 2020 was \$240,000.00.

\$1,155,931.00 New Jersey Environmental Infrastructure Trust Loan dated May 3, 2012 for the Southwest Drainage Improvement Project. Semiannual principal payments were due on February 1 and August 1, with a balance due on December 31, 2020 of \$ 608,055.70. Based on the agreement with the State, this loan is interest free. The final payment is due August 1, 2031. The balance remaining as of December 31, 2020 was \$608,055.70.

At December 31, 20120 bonds payable for Type 1 Schools consisted of the following individual issues:

\$1,280,000.00 School Refunding Bonds dated February 7, 2012 payable in annual installments through July 15, 2023. Interest is paid semiannually at varying rates ranging from 2.00% to 4.00% per annum. As indicated above, the total savings to the City was \$505,852.00, or 6.24% as a result of refunding the 2003 bond issue. The refunding bonds are not subject to optional redemption prior to their stated maturities. The balance remaining as of December 31, 2020 was \$180,000.00.

\$1,615,000.00 School Refunding Bonds dated December 3, 2014 payable in annual installments through August 1, 2024. Interest is paid semiannually at 3% per annum. The total savings to the City was \$47,073.58, or 3.03% as a result of refunding the 2005 bond issue. The refunding bonds are not subject to optional redemption prior to their stated maturities. The balance remaining as of December 31, 2020 was \$760,000.00.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

| Year Ending December 31, | Principal | Interest | Total |
|-----------------------------|------------------|--------------|---------------|
| 2021 | 1,698,277.38 | 428,560.27 | 2,126,837.65 |
| 2022 | 1,588,598.14 | 365,722.22 | 1,954,320.36 |
| 2023 | 1,708,776.15 | 306,322.00 | 2,015,098.15 |
| 2024 | 1,098,776.15 | 242,074.00 | 1,340,850.15 |
| 2025 | 988,776.15 | 202,224.00 | 1,191,000.15 |
| 2026-2030 | 5,808,880.75 | 449,188.00 | 6,258,068.75 |
| 2031 | 45,294.20 | 1,892.00 | 47,186.20 |
| Total | \$ 12,937,378.92 | 1,995,982.49 | 14,933,361.41 |

As of December 31, 2020, the carrying value of the above bonds approximates the fair value of the bonds. The debt service for the School Bonds is included in the municipal budget as a component of the Amount to be Raised by Taxation but is levied as a component of the school tax levy. During the calendar years 2020 and 2019, the City's total amount to be raised by taxation included \$397,888.00 and \$402,840.00 respectively, for Local District School Tax.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| <u>Summary of Municipal Debt</u> | <u>Year 2020</u> | <u>Year 2019</u> | <u>Year 2018</u> |
|---|--------------------------------|-----------------------------|-----------------------------|
| Bonds & Notes Issued: | | | |
| General | \$ 11,997,378.92 | 9,151,557.08 | 10,540,953.72 |
| School | 940,000.00 | 1,324,377.00 | 1,699,287.00 |
| Net Bonds & Notes Issued | <u>12,937,378.92</u> | <u>10,475,934.08</u> | <u>12,240,240.72</u> |
| Bonds & Notes Authorized But Not Issued: | | | |
| General | 1,204,396.00 | 1,197,296.00 | 1,197,296.00 |
| School | | - | - |
| Net Bonds & Notes Authorized But Not Issued | <u>1,204,396.00</u> | <u>1,197,296.00</u> | <u>1,197,296.00</u> |
| Net Bonds & Notes Issued and Authorized But Not Issued | <u><u>\$ 14,141,774.92</u></u> | <u><u>11,673,230.08</u></u> | <u><u>13,437,536.72</u></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 1.436%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------------|--------------------------------|-----------------------------|-----------------------------|
| Local School Debt | \$ 3,210,000.00 | 3,210,000.00 | - |
| Regional School District Debt | 8,026,222.86 | 8,026,222.86 | - |
| General Debt | <u>13,201,774.92</u> | <u>-</u> | <u>13,201,774.92</u> |
| | <u><u>\$ 24,437,997.78</u></u> | <u><u>11,236,222.86</u></u> | <u><u>13,201,774.92</u></u> |

Net Debt \$13,201,774.92 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$919,302,199.33 = 1.436%. The above information is not in agreement with the Annual Debt Statement filed by the City. An amended Debt Statement will be filed by the City.

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

| | |
|---|--------------------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 32,175,576.98 |
| Net Debt | <u>13,201,774.92</u> |
| Remaining Borrowing Power | <u><u>\$ 18,973,802.06</u></u> |

Note 6: SHORT TERM OBLIGATIONS

| | <u>Balance 12/31/2019</u> | <u>Issued</u> | <u>Paid</u> | <u>Balance 12/31/2020</u> |
|----------------------|-------------------------------|-----------------|----------------------------|-------------------------------|
| General Capital Note | \$ 4,935,465.00 | | 4,935,465.00 | - |
| School Note | - | | | - |
| | <u><u>4,935,465.00</u></u> | <u><u>-</u></u> | <u><u>4,935,465.00</u></u> | <u><u>-</u></u> |

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | Balance 12/31/2018 | Issued | Paid | Balance 12/31/2019 |
|----------------------|------------------------|-------------------|-------------------|-----------------------|
| General Capital Note | 5,021,865.00 | 171,000.00 | 257,400.00 | 4,935,465.00 |
| School Note | - | | | - |
| | <u>\$ 5,021,865.00</u> | <u>171,000.00</u> | <u>257,400.00</u> | <u>4,935,465.00</u> |

As of December 31, 2020, the City had no bond anticipation notes outstanding:

Note 7: LEASE OBLIGATIONS

Operating Leases

In January 2017, the City entered into an agreement to lease one (1) copy machine for the Public Works Department under an operating lease. The term for the lease is 60 months and it will expire on December 31, 2021. The monthly payment for the lease is \$104.00.

In November 2019, the City entered into an agreement to lease three (3) copy machines for City Hall and the Police Department under an operating lease. The term for the lease is 48 months and it will expire on November 30, 2023. The total monthly payment for the leases is \$399.00. The City has the option to purchase this equipment at the termination of the lease for the fair market value.

The total operating lease payments in 2020 and 2019 were \$6,036.00 and \$6,024.59 respectively.

Capital Leases

The City is leasing one (1) 2017 police vehicle totaling \$32,130.54 under a capital lease. Annual lease payments are made to Ford Motor Credit Company and include interest at a rate of 5.95% per annum. The final lease payment was made March 27, 2020.

The City is leasing one (1) 2018 police vehicle totaling \$29,300.22 under a capital lease. Annual lease payments are made to Ford Motor Credit Company and include interest at a rate of 6.95% per annum. The final lease payment will be due March 16, 2021.

The City is leasing one (1) 2018 dump truck with spreader and plow totaling \$73,895.00 under a capital lease. Quarterly lease payments are made to Ford Motor Credit Company and include interest at a rate of 4.95% per annum. The final lease payment will be due September 14, 2022.

The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2020.

| Year | Operating | Capital |
|---|---------------------|-------------------|
| 2021 | 6,036.00 | 24,920.52 |
| 2022 | 4,788.00 | 4,418.43 |
| 2023 | 4,788.00 | - |
| 2024 | - | - |
| Total minimum lease payments | <u>15,612.00</u> | <u>37,438.95</u> |
| Less amount representing interest | - | <u>(1,928.69)</u> |
| Present value of minimum lease payments | <u>\$ 15,612.00</u> | <u>35,510.26</u> |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019 which were appropriated and included as anticipated revenue in the current operating budget for the year ending December 31, 2021 and 2020 were as follows:

| | | 2021 | | 2020 |
|--------------|----|------------|--|------------|
| Current Fund | \$ | 126,558.00 | | 589,000.00 |

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of NJ for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the City to appropriate in the 2021 budget is \$963,951.38.

Note 9: SCHOOL TAXES

Local District and Regional High School Taxes have been raised and remitted, or established as a payable, to the respective district in the following amounts:

| | | 2020 | | 2019 |
|-------------------------------|----|---------------|--|---------------|
| Local School District | \$ | 12,680,402.00 | | 12,123,298.00 |
| Regional High School District | | 6,549,537.52 | | 6,677,810.00 |

Since the school districts operate on a July 1 to June 30 fiscal year the school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service.

Note 10: TAXES COLLECTED IN ADVANCE

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

| | | Balance 12/31/2020 | | Balance 12/31/2019 |
|---|----|-----------------------|--|-----------------------|
| Prepaid Taxes | \$ | 426,901.01 | | 390,380.29 |
| Cash Liability for Taxes Collected in Advance | \$ | 426,901.01 | | 390,380.29 |

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the City's employees are covered by the Public Employees' Retirement System cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at – <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15:c-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective July 1, 2018, PERS provided for employee contributions of 7.50% of the employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 14.5% of covered payroll. The City's contributions to PERS for the years ended December 31, 2020, 2019, and 2018 were \$185,929.00, \$216,758.00, and \$177,746.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The current PFRS rate is 28.7% of covered payroll. The City's contributions to PFRS for the years ended December 31, 2020, 2019, and 2018 were \$538,174.00, \$489,745.00, and \$411,090.00.

The total payroll for the years ended December 31, 2020, 2019, and 2018 was \$3,426,806.92, \$3,500,877.63, and \$3,049,547.46. Payroll covered by PERS was \$1,074,188.00, \$1,024,458.00, and \$1,112,998.00, respectively. Payroll covered by PFRS was \$1,782,594.00, \$1,705,938.00, and \$1,598,350.00, respectively.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

NOTE 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2020:

Public Employees' Retirement System

The Municipality has a liability of \$2,326,399 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.01426592280%, which would be a decrease of 8.19% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$(221,470). At December 31, 2020, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected & actual experience | \$ 42,360 | (8,227) |
| Changes of assumptions | 75,471 | (974,085) |
| Changes in proportion | 23,322 | (778,619) |
| Net difference between projected and actual earnings on pension plan investments | 79,518 | |
| Total | \$ 220,671 | (1,760,931) |

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

| Year ended June 30, | | |
|------------------------|--------|-----------------|
| 2021 | \$ | (572,808) |
| 2022 | | (522,227) |
| 2023 | | (298,439) |
| 2024 | | (120,684) |
| 2025 | | (26,101) |
| Total | \$ | (1,540,260) |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Actuarial Assumptions

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

| | |
|----------------------------|---|
| Inflation rate | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary increases: | |
| Through 2026 | 2.00% – 6.00% (based on years of service) |
| Thereafter | 3.00% - 7.00% (based on years of service) |
| Investment rate of return: | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable 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 generational basis. Mortality improvement is based on Scale MP-2019.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| US equity | 27.00% | 7.71% |
| Non-U.S. developed markets equity | 13.50% | 8.57% |
| Emerging markets equity | 5.50% | 10.23% |
| Private equity | 13.00% | 11.42% |
| Real assets | 3.00% | 9.73% |
| Real estate | 8.00% | 9.56% |
| High yield | 2.00% | 5.95% |
| Private Credit | 8.00% | 7.59% |
| Investment grade credit | 8.00% | 2.67% |
| Cash equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk mitigation strategies | 3.00% | 3.40% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Municipality's proportionate share of the net pension liability | \$ 2,770,735 | \$ 2,326,399 | \$ 1,949,853 |

Pension plan fiduciary net position.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Police and Firemen's Retirement System

The Municipality has a liability of \$6,280,455 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.04860536760%, which would be an increase of 1.47% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$322,126. At December 31, 2020, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected & actual experience | \$ 63,318 | (22,540) |
| Changes of assumptions | 15,805 | (1,683,752) |
| Changes in proportion | 537,626 | (233,600) |
| Net difference between projected and actual earnings on pension plan investments | 368,252 | |
| Total | \$ 985,001 | (1,939,892) |

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

| | Year ended June 30, | |
|-----------|------------------------|---------------|
| 2021 | \$ | (445,615) |
| 2022 | | (300,736) |
| 2023 | | (122,432) |
| 2024 | | (46,250) |
| 2025 | | (39,858) |
| Total | \$ | (954,891) |

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Actuarial Assumptions

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

| | |
|----------------------------|--|
| Inflation rate | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary increases: | 3.25% - 15.25% (based on years of service) |
| Investment rate of return: | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------------|-------------------|--|
| US equity | 27.00% | 7.71% |
| Non-U.S. developed markets equity | 13.50% | 8.57% |
| Emerging markets equity | 5.50% | 10.23% |
| Private equity | 13.00% | 11.42% |
| Real assets | 3.00% | 9.73% |
| Real estate | 8.00% | 9.56% |
| High yield | 2.00% | 5.95% |
| Private credit | 8.00% | 7.59% |
| Investment grade credit | 8.00% | 2.67% |
| Cash equivalents | 4.00% | 0.50% |
| U.S. Treasuries | 5.00% | 1.94% |
| Risk mitigation strategies | 3.00% | 3.40% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based 78% of the actuarially determine contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Decrease (6.00%) | Rate (7.00%) | Increase (8.00%) |
|---|---------------------|-----------------|---------------------|
| District's proportionate share of the net pension liability | \$ 8,117,185 | \$ 6,280,455 | \$ 4,754,951 |

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2020 State special funding situation net pension liability amount of \$2,005,329,818.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2020 State special funding situation pension expense of \$227,263,993.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.04860536760% for 2020. The net pension liability amount allocated to the Municipality was \$974,698. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$110,462 is allocated to the Municipality.

Pension plan fiduciary net position.

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

Note 13: OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit 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) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drugs to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post-retirement medical coverage for employees and their dependents who:

- 1) retired on a disability pension;

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2020 AND 2019

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

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 expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, 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. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2019 were \$5,637,151,775 and \$8,182,092,807, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB 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 non special funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2019 is as follows:

| | June 30, 2019 | |
|---|-----------------------------|--------------------------------|
| | Collective Total | Proportionate Share |
| Total OPEB Liability | \$ 13,819,244,582 | \$ 6,672,898 |
| Plan Fiduciary Net Position | 273,173,482 | 131,907 |
| Net OPEB Liability | \$ 13,546,071,100 | \$ 6,540,991 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 1.98% | 1.98% |

At June 30, 2019 the City's proportionate share of the Collective Net OPEB Liability was \$6,540,991. The State's proportionate share for the Special Funding Situation that is associated with the City is \$4,819,145. The City's proportion of the Collective Net OPEB Liability was 0.048287% which was a decrease from the prior year of 13.78%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.087213% which was a decrease from the prior year of 0.87%.

| | |
|--|---------------|
| City's Proportionate Share of Collective Net OPEB Liability | \$ 6,540,991 |
| State's proportionate share that is associated with the City | 4,819,145 |
| Total | \$ 11,360,136 |

For the Year ended June 30, 2019 the City's Total OPEB Expense was (\$167,259) and the State of New Jersey realized Total OPEB Expense in the amount of \$6,389 for its proportionate share of Total OPEB Expense that is associated with the City.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | |
|----------------------------------|-----------------|
| Inflation rate | 2.50% |
| Salary increases*: | |
| PERS Initial fiscal year applied | |
| Rate through 2026 | 2.00% to 6.00% |
| Rate thereafter | 3.00% to 7.00% |
| PFRS | |
| Rate for all future years | 3.25% to 15.25% |

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

Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the July 1, 2018 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

| | | 1% Decrease (2.50%) | | Discount Rate (3.50%) | | 1% Increase (4.50%) |
|---------------------|----|------------------------|----|--------------------------|----|------------------------|
| Collective | | | | | | |
| Net OPEB Liability | \$ | 15,662,704,137 | \$ | 13,546,071,100 | \$ | 11,826,026,995 |
| Proportionate Share | | | | | | |
| Net OPEB Liability | \$ | 7,563,050 | \$ | 6,540,991 | \$ | 5,710,433 |

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

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | | 1% Decrease | | Healthcare Cost Trend Rate | | 1% Increase |
|---------------------|----|----------------|----|-------------------------------|----|----------------|
| Collective | | | | | | |
| Net OPEB Liability | \$ | 11,431,214,644 | \$ | 13,546,071,100 | \$ | 16,243,926,531 |
| Proportionate Share | | | | | | |
| Net OPEB Liability | \$ | 5,519,790 | \$ | 6,540,991 | \$ | 7,843,704 |

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

| | Collective Totals | | Proportionate Share | |
|---|-----------------------------------|----------------------------------|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ | (3,961,399,180) | \$ | (1,912,841) |
| Changes of assumptions | | (4,800,426,301) | | (2,317,982) |
| Net difference between projected and actual earnings on OPEB plan investments | | 11,158,226 | | 5,388 |
| Changes in proportion and differences between contributions and proportionate share of contributions | | | | (3,279,584) |
| Total | \$ | 11,158,226 | \$ | (8,761,825,481) |
| | | \$ | 5,388 | \$ (7,510,407) |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

| Year ended June 30, | Collective Totals | Proportionate Share |
|------------------------|---------------------------|------------------------|
| 2020 | \$ (1,425,201,517) | \$ (1,222,326) |
| 2021 | (1,425,201,517) | (1,222,326) |
| 2022 | (1,426,076,187) | (1,223,076) |
| 2023 | (1,427,489,995) | (1,224,288) |
| 2024 | (1,428,781,861) | (1,225,396) |
| Thereafter | (1,617,916,178) | (1,387,608) |
| Total | \$ <u>(8,750,667,255)</u> | \$ <u>(7,505,019)</u> |

Detailed information about the plan's fiduciary net position is available in the separately issued OPEB financial report.

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2019 are as follows:

| | |
|--|-------------------------|
| Service cost | \$ 666,574,660 |
| Interest on Total OPEB Liability | 636,082,461 |
| Expected Investment Return | (11,286,267) |
| Administrative Expenses | 9,478,435 |
| Changes of Benefit Terms | (1,903,958) |
| Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources: | |
| Differences between Expected and Actual Experience | (619,405,071) |
| Changes in Assumptions | (809,376,790) |
| Differences between Projected and Actual Investment Earnings on OPEB Plan Investments | 3,580,344 |
| Total Collective OPEB Expense | \$ <u>(126,256,186)</u> |

Schedule of City's Share of Net OPEB Liability

| | <u>2018</u> | <u>2019</u> |
|---|--------------|-------------|
| City's Proportionate Share of Net OPEB Liability | 0.056004% | 0.048287% |
| City's Share of Net OPEB Liability | \$ 8,773,933 | 6,540,991 |
| City's Covered Payroll | 1,112,998 | 1,024,458 |
| City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll | 788.32% | 638.48% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 1.97% | 1.98% |

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 14: INTER-LOCAL AGREEMENT

Effective March 13, 2013, the City entered into a one-year agreement with the Atlantic County Utilities Authority (ACUA) where the ACUA will provide solid waste and bulk waste collection services for the City. This contract automatically renewed for an additional one-year period and continued to renew automatically each year through March 17, 2018. After the fifth year, the City had the option to extend the agreement for an additional five-year term. This option was exercised by City Council at their February 13, 2018 meeting. The City was obligated to pay \$165,700.00 for these services during the initial term of the contract. Any increases in cost will not exceed the percentage increase in the CPI-U for the Philadelphia SMSA of August of the contract year over August of the preceding year. In addition, the ACUA will assume ownership of a 2012 CNG Freightliner trash truck at a value of \$171,500.00. The value of this truck will be recaptured over five years, or \$34,300.00 per year. This value will be deducted from the annual contract costs. Invoices will be provided to the City each month for collections made during the preceding month. The City paid \$314,770.73 and \$285,097.73 for these services during the 2020 and 2019 calendar years respectively.

Note 15: ACCRUED SICK AND VACATION BENEFITS

The City has permitted employees to accrue unused vacation and sick pay, which may be taken as time off or paid at a later date at an agreed upon rate. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$625,403.11 in 2020 and \$620,723.59 in 2019. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the City's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated liability. The City does not accrue the liability.

Note 16: ECONOMIC DEPENDENCY

The City of Linwood is not economically dependent on any one business or industry as a major source of tax revenue for the City.

Note 17: LITIGATION

During the normal course of operations, lawsuits are occasionally brought against the governmental unit. There are presently no outstanding lawsuits that would result in a contingent liability to the City.

Note 18: RISK MANAGEMENT

The City 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.

Property and Liability Insurance – The City maintains commercial insurance coverage for property, liability and surety bonds. During the years ended December 31, 2020 and 2019 the City did not incur claims in excess of the coverage and the amount of coverage did not significantly decrease.

The City of Linwood is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a liability limit of \$10,000,000.00 under MEL. There has not been a reduction in coverage and there have not been any claims in excess of coverage.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

New Jersey Unemployment Compensation Insurance – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”. Under this plan, the City is required to annually appropriate funds to pay the projected costs of contributions at a rate determined by the Commissioner of Labor. The expense for the years ended December 31, 2020 and 2019 was \$10,469.33 and \$11,351.40 respectively.

Note 19: LENGTH OF SERVICE AWARDS PROGRAM (UNAUDITED)

During the year 2003 the voters of the City of Linwood approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan was approved by the voters of the City of Linwood by referendum at the general election in November of 2003. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as firefighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The balance is subject to the general creditors of the City. Contributions by the City for qualified participants were \$6,900.00 and \$6,900.00 for 2020 and 2019 respectively.

Note 20: TAX ABATEMENT PROGRAM

The tax abatement program was established to encourage commercial and industrial development in the City. It is a five-year program where real estate taxes on the approved buildings are abated and payments are made in lieu. Specific qualifications for properties are delineated in the Code Book of the City. Qualifying properties are tax exempt until the project is complete. Once completed, the taxpayer pays no tax in the first year after completion. Beginning in the second year, the taxpayer is assessed taxes on 20% of the assessed value, with annual increases of 20% until the end of five years. During the 2020 and 2019 calendar years, the tax abatement program generated \$0 in revenue for the City.

Note 21: UNION CONTRACTS

As of December 31, 2020, the City's employees are organized in five collective bargaining units.

| <u>Bargaining Unit</u> | <u>Job Category</u> | <u>Members</u> | <u>Term</u> |
|------------------------|---------------------|---|-----------------|
| PBA | Police | All uniformed police excluding Chief and Superior Officers | 1/1/16-12/31/21 |
| PBA | Police | Superior Officers | 1/1/16-12/31/21 |
| IAFF | Firefighters | All uniformed firefighters | 1/1/20-12/31/24 |
| Teamsters | Public Works | All public works employees excluding Superintendent, and police secretary | 1/1/18-12/31/22 |

Note 22: INTERFUND BALANCES

As of December 31, 2020, the following interfunds were included on the balance sheets of the various funds of the City of Linwood:

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

| | Due From | Due To |
|---------------------|---------------|------------|
| Current Fund: | | |
| Animal Control Fund | \$ 11,339.21 | |
| Grant Fund | 207,625.92 | |
| Payroll Trust | | 1,806.62 |
| Grant Fund: | | |
| Current Fund | | 207,625.92 |
| Trust Fund: | | |
| Current Fund - | | |
| Payroll Trust | 1,806.62 | |
| Animal Control Fund | | 11,339.21 |
| | \$ 220,771.75 | 220,771.75 |

The amounts due to the Current Fund from the Animal Control Fund is the result of excess funds in the reserve for dog expenditures. The amount due to the Public Defender Trust represents fees collected through the municipal court. The amount due to the Payroll Trust is to cover payroll liabilities. The amount due from the Grant Fund to the Current Fund is the result of grant expenditures that have not yet been reimbursed by the funding agencies.

Note 23: DEFERRED COMPENSATION

Employees of the City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Note 24: SUBSEQUENT EVENTS

Capital Ordinances

On June 9, 2021, City Council introduced capital ordinance #10-2021 which authorized the following projects to be completed. This bond ordinance increases the City's authorized debt by \$71,250. Final reading of this ordinance is scheduled for July 14, 2021.

| Project | Appropriation And Estimated Cost | Estimated Maximum Amount of Bonds & Notes |
|--|--|--|
| Purchase of Various Equipment and Signage for the Public Works Department | \$ 63,400.00 | 60,230.00 |
| Various Recreation Improvements | 11,600.00 | 11,020.00 |
| Total | \$ 75,000.00 | 71,250.00 |

Other

The City has evaluated subsequent events through June 30, 2021, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

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SUPPLEMENTARY INFORMATION

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Linwood, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 30, 2021, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) to determine the 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

June 30, 2021

Schedule of Financial Statement Findings

NONE

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

NONE

STATUS OF PRIOR RECOMMENDATIONS

There were no findings in 2019.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

| | | Current Fund | | Grant Fund |
|---------------------------------|----|---------------|------------|------------|
| Balance December 31, 2019 | \$ | 2,285,642.91 | | 224,624.95 |
| Increased by Receipts: | | | | |
| Taxes Receivable | | 32,542,202.07 | | |
| Tax Title Liens Receivable | | - | | |
| Prepaid Taxes | | 426,901.01 | | |
| Sewer Rents Receivable | | 857,216.27 | | |
| Prepaid Sewer | | 388,675.00 | | |
| Revenue Accounts Receivable | | 1,226,183.90 | | |
| State of New Jersey - | | | | |
| Senior Citizens and Veterans | | 53,621.66 | | |
| Marriage License Fees | | 600.00 | | |
| DCA Construction Fees | | 6,861.00 | | |
| Miscellaneous Revenue | | 45,040.02 | | |
| Due from Current Fund | | | 13,371.25 | |
| Grant - Unappropriated Reserves | | | - | |
| Grant Receivables | | | 650,433.01 | |
| | | 35,547,300.93 | | 663,804.26 |
| | | 37,832,943.84 | | 888,429.21 |
| Decreased by Disbursements: | | | | |
| Current Year Appropriation | | 11,684,538.30 | | |
| Prior Year Appropriations | | 170,320.84 | | |
| County Taxes | | 4,507,395.86 | | |
| County Added Taxes | | 6,549.15 | | |
| Local District School Taxes | | 12,680,402.00 | | |
| Regional School Taxes | | 6,549,537.52 | | |
| State of New Jersey - | | | | |
| Marriage License Fees | | 575.00 | | |
| DCA Construction Fees | | 7,259.00 | | |
| Refund of Prior Year Revenue | | 8,272.90 | | |
| Federal and State Disbursements | | | 758,500.59 | |
| | | 35,614,850.57 | | 758,500.59 |
| Balance December 31, 2020 | \$ | 2,218,093.27 | | 129,928.62 |

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

| Year | Balance Dec. 31, 2019 | Current Year Levy | Added Taxes | Collections by Cash | | Adjustments | Transferred To Tax Title Lier | Arrears | Balance Dec. 31, 2020 |
|--|--------------------------|----------------------|------------------|---------------------|----------------------|-------------------|-------------------------------------|---------|--------------------------|
| | | | | 2019 | 2020 | | | | |
| Arrears 2019 | \$ 5,371.54 | | | | | | | | 5,371.54 |
| | 224,770.21 | | 3,198.59 | | 227,968.80 | | | | - |
| | <u>230,141.75</u> | - | <u>3,198.59</u> | - | <u>227,968.80</u> | - | - | - | <u>5,371.54</u> |
| 2020 | | 33,099,191.62 | 64,033.40 | 390,380.29 | 32,362,647.34 | 195,675.88 | 7,958.33 | | 206,563.18 |
| | \$ <u>230,141.75</u> | <u>33,099,191.62</u> | <u>67,231.99</u> | <u>390,380.29</u> | <u>32,590,616.14</u> | <u>195,675.88</u> | <u>7,958.33</u> | - | <u>211,934.72</u> |
| <p style="text-align: center;">Cash Receipts Overpayments Created Senior Citizens and Veterans</p> | | | | | | | | | |
| | | | | | 32,542,202.07 | | | | |
| | | | | | (4,085.93) | | | | |
| | | | | | 52,500.00 | | | | |
| | | | | | <u>32,590,616.14</u> | | | | |
| <p style="text-align: center;">Analysis of Current Year Tax Levy</p> | | | | | | | | | |
| <p style="text-align: center;">Tax Yield:</p> | | | | | | | | | |
| | | | | | 33,099,191.62 | | | | |
| | | | | | 64,033.40 | | | | |
| | | | | | <u>33,163,225.02</u> | | | | |
| <p style="text-align: center;">Tax Levy:</p> | | | | | | | | | |
| | | | | | 4,294,376.09 | | | | |
| | | | | | 11,402.95 | | | | |
| | | | | | 201,616.82 | | | | |
| | | | | | 9,325.42 | | | | |
| | | | | | <u>4,516,721.28</u> | | | | |
| | | | | | 12,680,402.00 | | | | |
| | | | | | 6,549,332.00 | | | | |
| | | | | | 397,888.00 | | | | |
| | | | | | 305,807.00 | | | | |
| | | | | | <u>8,713,074.74</u> | | | | |
| | | | | | 8,656,100.77 | | | | |
| | | | | | 56,973.97 | | | | |
| | | | | | <u>33,163,225.02</u> | | | | |

**CURRENT FUND
SCHEDULE OF RENTS**

| | | |
|------------------------------|---------------------|----------------------------|
| Balance December 31, 2019 | | \$ 23,815.00 |
| Increased by: | | |
| Sewer Charges Levied in 2020 | 1,289,177.00 | |
| Penalty | 7,305.00 | |
| Overpayments Created | <u>1,300.00</u> | |
| | | <u>1,297,782.00</u> |
| | | 1,321,597.00 |
| Decreased by: | | |
| Prepaid in 2019 | 440,411.73 | |
| Cash | 857,216.27 | |
| Overpayments Applied | <u>575.00</u> | |
| | <u>1,298,203.00</u> | |
| Miscellaneous | <u>(2,936.00)</u> | |
| | | <u>1,295,267.00</u> |
| Balance December 31, 2020 | | \$ <u><u>26,330.00</u></u> |

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

| | | | |
|--|----------|----|-----------|
| Balance December 31, 2019 | | \$ | 49,839.31 |
| Increased by: | | | |
| Transfers from: | | | |
| Taxes Receivable | 7,958.33 | | |
| Interest and Costs Accrued by Sale of September 2, 2020 | 51.00 | | |
| | | | 8,009.33 |
| Decreased by: | | | |
| Collection | - | | - |
| Balance December 31, 2020 | | \$ | 57,848.64 |

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

| | Balance Dec. 31, 2019 | Accrued in 2020 | Collected by | | Balance Dec. 31, 2020 |
|---|--------------------------|---------------------|------------------|---------------------|--------------------------|
| | | | Collector | Treasurer | |
| Licenses: | | | | | |
| Other | | 50,742.68 | | | 50,742.68 |
| Fines and Costs: | | | | | |
| Municipal Court | 10,106.98 | 57,141.58 | | | 2,024.26 |
| Interest and Costs on Taxes | | 66,108.87 | | | |
| Interest Earned on Investments | | 37,349.03 | 66,108.87 | | |
| Parking Permits | | 7,485.00 | | | 37,349.03 |
| Planning and Zoning Permits | | 4,000.00 | | | 7,485.00 |
| Energy Receipts Tax | | 571,608.00 | | | 4,000.00 |
| Type 1 School Debt Service Aid | | 29,080.00 | | | 571,608.00 |
| Uniform Construction Code Fees | | 167,704.50 | | | 29,080.00 |
| Uniform Fire Safety Fees | | 26,401.68 | | | 167,704.50 |
| Bell Atlantic Nynex Tower | | 55,479.84 | | | 26,401.68 |
| City of Northfield-Shared Municipal Court | | 145,000.00 | | | 55,479.84 |
| | | | | | 145,000.00 |
| | <u>10,106.98</u> | <u>1,218,101.18</u> | <u>66,108.87</u> | <u>1,160,075.03</u> | <u>2,024.26</u> |

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

| | Balance Dec. 31, 2019 | Balance After Transfers | Paid or Charged | Balance Lapsed | Over- Expended |
|---------------------------------|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| OPERATIONS WITHIN "CAPS" | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| General Administration | \$ 1,397.00 | 1,397.00 | 230.81 | 1,166.19 | |
| Other Expenses | | | | | |
| Municipal Clerk | | | | | |
| Salaries and Wages | 1,361.62 | 1,361.62 | | 1,361.62 | |
| Other Expenses | 7,526.57 | 7,526.57 | 5,252.66 | 2,273.91 | |
| Financial Administration | | | | | |
| Salaries and Wages | 0.32 | 0.32 | | 0.32 | |
| Other Expenses | 15,312.74 | 15,312.74 | 13,929.53 | 1,383.21 | |
| Collection of Taxes | | | | | |
| Salaries and Wages | 1,609.80 | 1,609.80 | | 1,609.80 | |
| Other Expenses | 2,842.42 | 2,842.42 | 1,675.18 | 1,167.24 | |
| Assessment of Taxes | | | | | |
| Salaries and Wages | 0.96 | 0.96 | | 0.96 | |
| Other Expenses | 4,090.00 | 4,090.00 | 3,874.07 | 215.93 | |
| Paying Agent Fees | 5.00 | 5.00 | | 5.00 | |
| Legal Services | | | | | |
| Other Expenses | 9,418.87 | 9,418.87 | - | 9,418.87 | |
| Engineering & Planning Services | | | | | |
| Other Expenses | | | | | |
| Professional Services | 15,760.25 | 15,760.25 | 1,915.18 | 13,845.07 | |
| Public Buildings and Grounds | | | | | |
| Other Expenses | 22,987.01 | 22,987.01 | 20,064.16 | 2,922.85 | |
| Shade Tree | | | | | |
| Other Expenses | 305.00 | 305.00 | | 305.00 | |
| INSURANCE | | | | | |
| General Liability | 1,836.10 | 1,836.10 | | 1,836.10 | |
| Worker's Compensation | 1,561.00 | 1,561.00 | | 1,561.00 | |
| Employee Group Health | 12,516.93 | 12,516.93 | 752.43 | 11,764.50 | |
| Employee Group Health Waiver | 5.00 | 5.00 | | 5.00 | |
| LAND USE ADMINISTRATION: | | | | | |
| Planning Board | | | | | |
| Salaries and Wages | 0.06 | 0.06 | | 0.06 | |
| Other Expenses | 14,017.96 | 14,017.96 | 5,595.13 | 8,422.83 | |

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

| | Balance Dec. 31, 2019 | Balance After Transfers | Paid or Charged | Balance Lapsed | Over- Expended |
|---|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| Zoning Board of Adjustment | 1,640.27 | 1,640.27 | | 1,640.27 | |
| Salaries and Wages | 560.10 | 560.10 | | 560.10 | |
| Other Expenses | | | | | |
| PUBLIC SAFETY: | | | | | |
| Uniform Fire Safety Act | | | | | |
| Salaries and Wages | 52.68 | 52.68 | | 52.68 | |
| Other Expenses | 4,492.99 | 4,492.99 | 1,745.18 | 2,747.81 | |
| Fire | | | | | |
| Salaries and Wages | 3,337.22 | 3,337.22 | | 3,337.22 | |
| Other Expenses | | | | | |
| Lease of Fire House | 20.00 | 20.00 | | 20.00 | |
| Misc. Other Expenses | 44,910.76 | 44,910.76 | 43,697.91 | 1,212.85 | |
| Police | | | | | |
| Salaries and Wages | 42,131.36 | 42,131.36 | | 42,131.36 | |
| Other Expenses | 55,410.53 | 55,410.53 | 48,549.53 | 6,861.00 | |
| Emergency Management Services | | | | | |
| Salaries and Wages | 1.00 | 1.00 | | 1.00 | |
| Other Expenses | 11,040.97 | 11,040.97 | 268.07 | 10,772.90 | |
| SANITATION: | | | | | |
| Road Repair and Maintenance | | | | | |
| Salaries and Wages | 6,655.64 | 6,655.64 | | 6,655.64 | |
| Other Expenses | 7,815.35 | 7,815.35 | 5,675.90 | 2,139.45 | |
| Sewer System | | | | | |
| Other Expenses | | | | | |
| Finance and Administration | 5,484.00 | 5,484.00 | | 5,484.00 | |
| Operations and Maintenance | 22,266.96 | 22,266.96 | | 22,266.96 | |
| Miscellaneous Other Expenses | 725.79 | 725.79 | | 725.79 | |
| Landfill - Tipping Fees | 14,082.27 | 14,082.27 | 1,152.37 | 12,929.90 | |
| Municipal Services Act | 0.11 | 0.11 | | 0.11 | |
| HEALTH AND WELFARE: | | | | | |
| Animal Control Service (Dog Regulation) | | | | | |
| Contractual | 800.00 | 800.00 | 800.00 | - | |
| Senior Citizens Center | | | | | |
| Other Expenses | 100.00 | 100.00 | | 100.00 | |

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

| | Balance Dec. 31, 2019 | Balance After Transfers | Paid or Charged | Balance Lapsed | Over- Expended |
|---|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| RECREATION AND EDUCATION: | | | | | |
| Parks and Playgrounds | | | | | |
| Salaries and Wages | 373.00 | 373.00 | | 373.00 | |
| Other Expenses | 14,012.04 | 14,012.04 | 12,375.14 | 1,636.90 | |
| Historian | | | | | |
| Other Expenses | 20.00 | 20.00 | | 20.00 | |
| STATE UNIFORM CONSTRUCTION CODE | | | | | |
| Construction Official | | | | | |
| Salaries and Wages | 3,202.10 | 3,202.10 | | 3,202.10 | |
| Other Expenses | 1,176.70 | 1,176.70 | 848.44 | 328.26 | |
| UNCLASSIFIED: | | | | | |
| Utilities | | | | | |
| Gasoline | 7,658.68 | 7,658.68 | | 7,658.68 | |
| Electricity | 12,119.44 | 12,119.44 | | 12,119.44 | |
| Telephone | 2,599.11 | 2,599.11 | | 2,599.11 | |
| Natural Gas | 654.15 | 654.15 | | 654.15 | |
| Street Lighting | 875.08 | 875.08 | | 875.08 | |
| Fire Hydrant Services | 1,522.15 | 1,522.15 | | 1,522.15 | |
| Water and Sewer | 319.43 | 319.43 | | 319.43 | |
| Accumulated Leave | | | | | |
| Salaries and Wages | 5.00 | 5.00 | | 5.00 | |
| Contingent | 500.00 | 500.00 | | 500.00 | |
| Statutory Expenditures: | | | | | |
| Contributions to: | | | | | |
| Public Employees Retirement System | 83.00 | 83.00 | | 83.00 | |
| Social Security System (O.A.S.I) | 6,833.87 | 6,833.87 | | 6,833.87 | |
| Unemployment Compensation Insurance | 2,648.60 | 2,648.60 | | 2,648.60 | |
| Defined Contribution Retirement Program | 809.21 | 809.21 | | 809.21 | |

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

| | Balance Dec. 31, 2019 | Balance After Transfers | Paid or Charged | Balance Lapsed | Over- Expended |
|--|--------------------------|-------------------------------|--------------------|-------------------|-------------------|
| OPERATIONS EXCLUDED FROM "CAPS" | | | | | |
| GENERAL GOVERNMENT: | | | | | |
| Recycling Tax | 262.60 | 262.60 | | 262.60 | |
| NJPDES Stormwater Permit NJSA 40A:4-45.3(cc) Streets and Roads O/E | 8,601.10 | 8,601.10 | | 8,601.10 | |
| NJPDES Landfill Discharge NJSA 40A:4-45.3(cc) Landfill Tipping Fees | 500.00 | 500.00 | | 500.00 | |
| NJPDES Stormwater Permit NJSA 40A:4-45.3(cc) Municipal Clerk O/E | 500.00 | 500.00 | 419.15 | 80.85 | |
| Interlocal Municipal Service Agreements: Emergency Medical Services | 1,500.00 | 1,500.00 | 1,500.00 | - | |
| | <u>\$ 400,857.87</u> | <u>400,857.87</u> | <u>170,320.84</u> | <u>230,537.03</u> | <u>-</u> |

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

| | | |
|---------------------------|----|----------------------|
| Balance December 31, 2019 | \$ | - |
| Increased by: | | |
| Levy - Calendar Year 2020 | | <u>12,680,402.00</u> |
| | | 12,680,402.00 |
| Decreased by: | | |
| Payments | | <u>12,680,402.00</u> |
| Balance December 31, 2020 | \$ | <u><u>-</u></u> |

**CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX**

| | | |
|---------------------------|----|---------------------|
| Balance December 31, 2019 | \$ | 205.52 |
| Increased by: | | |
| Levy - Calendar Year 2020 | | <u>6,549,332.00</u> |
| | | 6,549,537.52 |
| Decreased by: | | |
| Payments | | <u>6,549,537.52</u> |
| Balance December 31, 2020 | \$ | <u><u>-</u></u> |

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

| <u>Purpose</u> | Balance Dec. 31, 2019 | Transferred From 2020 Revenues | Received | Cancel | Balance Dec. 31, 2020 |
|--|--------------------------|--------------------------------------|-------------------|----------|--------------------------|
| FEDERAL GRANTS: | | | | | |
| Federal Emergency Management Assistance | | | | | |
| Hazard Mitigation Grant Program - Lifeline/ Life Safety Energy Resilience Program | \$ 75,000.00 | | | | 75,000.00 |
| Community Development Block Grant | 11,314.00 | | | | 11,314.00 |
| Community Development Block Grant - 2019 Walkway at Recreation Fields | 45,000.00 | | | | 45,000.00 |
| Total Federal | 131,314.00 | - | - | - | 131,314.00 |
| STATE GRANTS: | | | | | |
| New Jersey Transportation Trust Fund | | | | | |
| Resurfacing of the Brighton Drive Development Area | 290,000.00 | | 250,557.00 | | 39,443.00 |
| Reconstruction of Wabash Avenue Bike Path Extension | | 315,000.00 | | | 315,000.00 |
| Garden State Historic Preservation Trust | | 127,000.00 | | | 127,000.00 |
| Clean Communities Program | | 60,000.00 | 2,470.19 | | 57,529.81 |
| Recycling Tonnage Grant | | 17,088.00 | 17,088.00 | | - |
| Body Armor | | 7,749.42 | 7,749.42 | | - |
| | | 2,010.82 | 2,010.82 | | - |
| Total State | 290,000.00 | 528,848.24 | 279,875.43 | - | 538,972.81 |

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

| <u>Purpose</u> | Balance Dec. 31, 2019 | Transferred From 2020 Revenues | Received | Adjustments | Balance Dec. 31, 2020 |
|---|--------------------------|--------------------------------------|-------------------|-------------|--------------------------|
| Atlantic County Drug Alliance | 22,958.79 | 9,485.00 | 4,557.58 | | 27,886.21 |
| Frank H. Stewart Trust - Seaview Open Space | - | 140,000.00 | 140,000.00 | | - |
| Atlantic County Open Space Trust Fund | | 226,000.00 | 226,000.00 | | - |
| Total Local | <u>22,958.79</u> | <u>375,485.00</u> | <u>370,557.58</u> | <u>-</u> | <u>27,886.21</u> |
| \$ | <u>444,272.79</u> | <u>904,333.24</u> | <u>650,433.01</u> | <u>-</u> | <u>698,173.02</u> |
| | | Cash | 650,433.01 | | |
| | | Unappropriated Reserves | - | | |
| | | | <u>650,433.01</u> | | |

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

| | Balance December 31, 2019 | Reserve for | | 2020 | | Disbursed | Encumbrances | Adjustment/ Canceled | Balance Dec. 31, 2020 |
|--|---------------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------------------|--------------------------|--------------------------|
| | Appropriated | Encumbrances | Appropriations | Appropriations | Disbursed | Encumbrances | Adjustment/ Canceled | Balance Dec. 31, 2020 | |
| FEDERAL GRANTS: | | | | | | | | | |
| Federal Emergency Management Assistance | | | | | | | | | |
| Hazard Mitigation Grant Program - Lifeline/ Life Safety Energy Resilience Program | \$ 41,943.00 | 1,555.25 | | | | 1,555.25 | | | 41,943.00 |
| Community Development Block Grant | - | | | | | | | | - |
| Community Development Block Grant-2019 Walkway at Recreation Fields | 17,765.45 | 1,555.25 | | | | 1,555.25 | | | 17,765.45 |
| Total Federal | 59,708.45 | 1,555.25 | - | - | - | 1,555.25 | - | - | 59,708.45 |
| STATE GRANTS: | | | | | | | | | |
| New Jersey Transportation Trust Fund | | | | | | | | | |
| Reconstruction of Bartlett, Marie, Richards and VanSant Avenues | 8,000.00 | | | | | | | | 8,000.00 |
| Resurfacing of Brighton Drive | | | | | | | | | |
| Redevelopment Area | | | | | | | | | |
| Reconstruction of Wabash Avenue | 259,000.00 | 31,000.00 | | 315,000.00 | 290,000.00 | 33,000.00 | | | 282,000.00 |
| Bike Path Extension | | | | 127,000.00 | | | | | 127,000.00 |
| NJ Historic Preservation Trust Fund | | | | | | | | | |
| State Share | | | | | 60,000.00 | | | | - |
| Clean Communities Program | 15.72 | 14,447.31 | | 17,088.00 | 13,176.35 | 18,357.70 | | | 16.98 |
| Recycling Tonnage Grant | 8,412.25 | 109.46 | | 7,749.42 | 109.46 | 7,749.42 | | | 8,412.25 |
| Body Armor | 3,906.49 | 3,100.00 | | 2,010.82 | 3,875.00 | | | | 5,142.31 |
| Drunk Driving Enforcement 2016 | 1,542.40 | | | | | | | | 1,542.40 |
| Drunk Driving Enforcement 2012 | 103.51 | | | | | | | | 103.51 |
| Total State | 280,980.37 | 48,656.77 | 528,848.24 | 528,848.24 | 367,160.81 | 59,107.12 | - | - | 432,217.45 |
| LOCAL GRANTS: | | | | | | | | | |
| Atlantic County Drug Alliance-County | 14,615.25 | | | 9,485.00 | 4,209.88 | 2,000.00 | | | 17,890.37 |
| Atlantic County Drug Alliance-Local | 10,280.00 | | | 2,371.25 | 129.90 | | | | 12,521.35 |
| Clara Glen Pet Cemetery Grant | 36,376.02 | | | | 5,000.00 | 1,350.00 | | | 30,026.02 |
| NJ Historic Preservation Trust Fund | | | | | | | | | |
| Local Share | | | | 11,000.00 | 11,000.00 | | | | - |
| Frank H. Stewart Trust - Seaview Open Space | 2,499.71 | | | 140,000.00 | 140,000.00 | | | | 2,499.71 |
| Atlantic County Open Space Trust Fund | | | | 226,000.00 | 226,000.00 | | | | - |
| The Sustainable Institute of the College of NJ | | | | | | | | | |
| Sustainable Jersey Grant | | | | | 5,000.00 | | | (5,000.00) | - |
| Total Local | 63,770.98 | - | 388,856.25 | 388,856.25 | 391,339.78 | 3,350.00 | (5,000.00) | (5,000.00) | 62,937.45 |
| \$ | 404,459.80 | 50,212.02 | 917,704.49 | 917,704.49 | 758,500.59 | 64,012.37 | (5,000.00) | (5,000.00) | 554,863.35 |

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

| <u>Purpose</u> | Balance Dec. 31, 2019 | Transferred To 2020 Appropriations | Received | Adjustments | Balance Dec. 31, 2020 |
|---------------------------|--------------------------|--|----------|-------------|--------------------------|
| FEDERAL GRANTS: | | | | | |
| None | \$ - | | | | - |
| Total Federal | - | - | - | - | - |
| STATE GRANTS: | | | | | |
| Drunk Driving Enforcement | 1,600.00 | | | | 1,600.00 |
| Recycling Tonnage | - | | | | - |
| Total State | 1,600.00 | - | - | - | 1,600.00 |
| LOCAL GRANTS | | | | | |
| None | - | | | | - |
| Total Local | - | - | - | - | - |
| | <u>\$ 1,600.00</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,600.00</u> |

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

| | <u>Dog License</u> | <u>Other</u> |
|-----------------------------------|---------------------|---------------------|
| Balance December 31, 2019 | \$ 26,386.30 | 471,637.93 |
| Increased By: | | |
| Dog License Fees | 1,822.00 | |
| Cat License Fees | 180.00 | |
| Dog License Fees - State Share | 319.20 | |
| Bike Path Beautification | | 1,352.08 |
| Law Enforcement Trust | | 16.23 |
| Tax Premiums and Redemptions | | 389,582.48 |
| Municipal Drug Alliance | | 38.91 |
| NJ Water Street Openings | | 2,163.46 |
| Street Openings | | 3,270.90 |
| Uniform Fire Safety Fees | | 0.43 |
| Traffic Control | | 0.72 |
| Trust Other | | 754.75 |
| SPZ Trust | | 10,689.51 |
| Developer's Escrow | | 45,324.11 |
| Individual Developer's Escrow | | 5.70 |
| Parking Offenses Adjudication Act | | 8.00 |
| Payroll Deposits | | 3,613,272.12 |
| Payroll Withholdings | | 1,614,222.82 |
| Police K-9 Donations | | 4,492.50 |
| Accumulated Absences | | 10.62 |
| | <u>2,321.20</u> | <u>5,685,205.34</u> |
| | 28,707.50 | 6,156,843.27 |
| Decreased By: | | |
| Due to State of New Jersey | 319.20 | |
| Animal Control Expenditures | 1,997.20 | |
| Bike Path Beautification | | 581.35 |
| Tax Premiums and Redemptions | | 360,364.09 |
| NJ Water Street Openings | | 6,195.50 |
| Street Openings | | 2,050.00 |
| SPZ Trust | | 3,454.73 |
| Developer's Escrow | | 17,373.08 |
| Individual Developer's Escrow | | 1,159.00 |
| Police K-9 Donations | | 1,732.14 |
| Payroll Deposits | | 3,613,272.12 |
| Payroll Withholdings | | 1,646,544.43 |
| | <u>2,316.40</u> | <u>5,652,726.44</u> |
| Balance December 31, 2020 | \$ <u>26,391.10</u> | <u>504,116.83</u> |

**TRUST FUND
 SCHEDULE OF CASH - TREASURER**

| <u>Analysis of Balance @ Dec. 31, 2020</u> | <u>Other</u> |
|--|-------------------|
| Payroll Agency | 759.72 |
| Payroll Trust | 632.28 |
| Other Miscellaneous Trusts: | |
| Accumulated Absenses | 35,389.75 |
| Bike Path Beautification | 7,083.06 |
| Green Trust | 0.01 |
| Law Enforcement | 627.40 |
| Municipal Drug Alliance | 1,651.37 |
| NJ American Water Street Openings | 8,163.68 |
| Other Trust Disbursement Account | 160.02 |
| Parking Offenses Adjudication Act | 110.01 |
| Police K-9 Donations | 3,204.65 |
| Public Defender | 50.01 |
| Recycling | 5,178.61 |
| SPZ Trust Fund | 19,179.93 |
| Street Openings | 30,533.29 |
| Tax Title Lien Redemption | 283,950.83 |
| Traffic Control | 2,438.85 |
| Uniform Fire Safety | 1,403.32 |
| Developer's Trusts: | |
| Developer's Escrow Disbursement Account | 85,134.48 |
| Cornerstone Commerce Center, LLC | 14.12 |
| GLB Management LLC | 7,223.74 |
| Peter P. Pindale II | 5,323.09 |
| South Jersey Gas Escrow | 5,081.31 |
| URS Corporation | 823.30 |
| | <u>504,116.83</u> |

**TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES**

| | | |
|--|----------|------------------------|
| Balance December 31, 2019 | \$ | 3,352.40 |
| Increased by: | | |
| Dog License Fees Collected | | <u>1,822.00</u> |
| | | 5,174.40 |
| Decreased by: | | |
| Expenditures Under N.J.S.A. 4:19-15.11 | 1,851.20 | |
| Statutory Excess Due Current Fund | <u>-</u> | <u>1,851.20</u> |
| Balance December 31, 2020 | \$ | <u><u>3,323.20</u></u> |

| | | |
|------------------------|-------------|------------------------|
| License Fees Collected | <u>Year</u> | <u>Amount</u> |
| | 2019 | 1,625.20 |
| | 2018 | <u>1,706.80</u> |
| | \$ | <u><u>3,332.00</u></u> |

**TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND -
ANIMAL CONTROL FUND**

| | | |
|-----------------------------|------------------------------|--------------------------------------|
| Balance December 31, 2019 | \$ | 11,339.21 |
| Increased by | | |
| Statutory Excess in Reserve | | |
| for Dog Fund Expenditures | <u> -</u> | <u> -</u> |
| Balance December 31, 2020 | \$ | <u> 11,339.21</u> |

**TRUST FUND
SCHEDULE OF AMOUNT DUE TO/(FROM) STATE OF NEW JERSEY -
DEPARTMENT OF HEALTH**

| | | |
|------------------------------------|---------------|-----------------|
| Balance December 31, 2019 | \$ | - |
| Increased by: | | |
| 2020 State License Fee | 221.00 | |
| 2020 Pilot Clinic Fee | 44.20 | |
| 2020 Animal Population Control Fee | <u>54.00</u> | |
| | | <u>319.20</u> |
| | | 319.20 |
| Decreased By: | | |
| Payments | <u>319.20</u> | |
| | | <u>319.20</u> |
| Balance December 31, 2020 | \$ | <u><u>-</u></u> |

**TRUST FUND
SCHEDULE OF RESERVE FOR CAT REGISTRATIONS**

| | | |
|----------------------------|----|-----------|
| Balance December 31, 2019 | \$ | 11,694.69 |
| Increased by: | | |
| Cat License Fees Collected | | 180.00 |
| Decreased by: | | |
| Disbursements | | 146.00 |
| Balance December 31, 2020 | \$ | 11,728.69 |

TRUST FUND
SCHEDULE OF RESERVE FOR TAX TITLE LIEN REDEMPTIONS

| | | |
|--------------------------------------|-----------------|--------------------------|
| Balance December 31, 2019 | \$ | 254,732.44 |
| Increased by: | | |
| Premium Received at Tax Sale | 147,000.00 | |
| Tax Title Lien Redemptions Deposited | 241,004.67 | |
| Interest Earned | <u>1,577.81</u> | |
| | | <u>389,582.48</u> |
| | | 644,314.92 |
| Decreased by Disbursements: | | |
| Refund Upon Redemption | 241,004.67 | |
| Premiums Returned | 117,800.00 | |
| Interest Paid to Current Fund | <u>1,559.42</u> | |
| | | <u>360,364.09</u> |
| Balance December 31, 2020 | \$ | <u><u>283,950.83</u></u> |

TRUST FUND
SCHEDULE OF MISCELLANEOUS TRUST FUND RESERVES

| | Balance Dec. 31, 2019 | Receipts | Disbursements | Balance Dec. 31, 2020 |
|-----------------------------------|--------------------------|------------------|------------------|--------------------------|
| Reserves for: | | | | |
| Other Miscellaneous Trusts: | | | | |
| Public Defender | \$ 1,039.01 | | 989.00 | 50.01 |
| Parking Offenses Adjudication Act | 102.01 | 8.00 | | 110.01 |
| SPZ Trust | 11,945.15 | 10,689.51 | 3,454.73 | 19,179.93 |
| Other Trust Disbursement Account | 144.54 | 17,288.56 | 17,273.08 | 160.02 |
| Bike Path Maint | 6,312.33 | 1,352.08 | 581.35 | 7,083.06 |
| NJ Water Street Openings | 12,195.72 | 2,163.46 | 6,195.50 | 8,163.68 |
| Street Openings | 29,312.39 | 3,270.90 | 2,050.00 | 30,533.29 |
| Recycling | 4,423.86 | 754.75 | | 5,178.61 |
| Drug Alliance | 1,612.46 | 38.91 | | 1,651.37 |
| Law Enforcement | 611.17 | 16.23 | | 627.40 |
| Accumulated Absences | 35,379.13 | 10.62 | | 35,389.75 |
| Uniform Fire Safety Fees | 1,402.89 | 0.43 | | 1,403.32 |
| Traffic Control | 2,438.13 | 0.72 | | 2,438.85 |
| Green Trust | 0.01 | | | 0.01 |
| Police K-9 Donations | 444.29 | 4,492.50 | 1,732.14 | 3,204.65 |
| Developer's Escrow Trusts: | | | | |
| Developer's Disbursement Account | 696.94 | 104.69 | 100.00 | 701.63 |
| Development Fees Account | 56,501.99 | 27,930.86 | | 84,432.85 |
| Cornerstone Commerce Center, LLC | 14.12 | | | 14.12 |
| GLB Management LLC | 7,221.59 | 2.15 | | 7,223.74 |
| Peter P. Pindale III | 5,321.46 | 1.63 | | 5,323.09 |
| South Jersey Gas Escrow | 6,238.63 | 1.68 | 1,159.00 | 5,081.31 |
| URS Corporation | 823.06 | 0.24 | | 823.30 |
| | <u>\$ 184,180.88</u> | <u>68,127.92</u> | <u>33,534.80</u> | <u>218,774.00</u> |

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

| | | |
|---|--------------|-------------------------------|
| Balance December 31, 2019 | | \$ 1,057,027.09 |
| Increased by: | | |
| 2020 Budget Appropriation | | |
| Capital Improvement Fund | 238,500.00 | |
| Serial Bonds Issued | 9,380,000.00 | |
| Reserve for Payments of Bonds and Notes | 515,525.02 | |
| | <hr/> | <hr/> |
| | | 10,134,025.02 |
| | | 11,191,052.11 |
| Decreased by: | | |
| Payment of Bond Anticipation Notes | 4,848,000.00 | |
| Improvement Authorizations | 655,654.02 | |
| | <hr/> | <hr/> |
| | | 5,503,654.02 |
| Balance December 31, 2020 | | \$ <u><u>5,687,398.09</u></u> |

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

| | Balance | | Receipts | | Budget | | Disbursements | | Transfers | | Balance | |
|--|-----------------|--|---------------|--|---------------|--------------|----------------------------|---------------|--------------|--------------|---------------|--|
| | Dec. 31, 2019 | | Miscellaneous | | Appropriation | Debt Issued | Improvement Authorizations | Miscellaneous | From | To | Dec. 31, 2020 | |
| Fund Balance | \$ 1,290.76 | | | | 238,500.00 | | | | | | 1,290.76 | |
| Capital Improvement Fund | 118,155.00 | | | | | | | | 238,900.00 | | 117,755.00 | |
| Encumbrances Payable | 104,666.30 | | | | | | | | 104,666.30 | 1,256,671.74 | 1,256,671.74 | |
| Reserve for payments of Bonds and Notes | 144,621.71 | | 515,525.02 | | | | | | | | 660,146.73 | |
| Reserve for Improvements to Sewer System | 25,000.00 | | | | | | | | | | 25,000.00 | |
| Improvement Authorizations: | | | | | | | | | | | | |
| 14-07 Various General Improvements | 1,167.40 | | | | | | | | | | 1,167.40 | |
| 14-08 Various General Improvements | 1,260.39 | | | | | | | | | | 1,260.39 | |
| 11-09 Various General Improvements | 2,979.28 | | | | | | 3,201.71 | | | | (222.43) | |
| 8-10 Clean Water Project - NJEIF | 182,691.19 | | | | | | | | | | 182,691.19 | |
| 9-10 Purchase of Police Vehicle | 413.00 | | | | | | | | | | 413.00 | |
| 10-10 Various General Improvements | 5,763.56 | | | | | | 6,858.58 | | | | (1,095.02) | |
| 10-11 Various General Improvements | 3,916.53 | | | | | | 3,422.80 | | | | 493.73 | |
| 13-12 Various General Improvements | 24,069.84 | | | | | | 23,768.84 | | | | 301.00 | |
| 12-14 Demolition of Poplar Avenue School | 3,299.47 | | | | | | | | 18,451.15 | 18,451.15 | 3,299.47 | |
| 14-14 Various General Improvements | - | | | | | | 72,964.22 | | 1,595.00 | 1,595.00 | - | |
| 6-15 Various General Improvements | 59,686.00 | | | | | | | | 3,445.93 | 26,130.00 | 9,405.85 | |
| 7-16 Various General Improvements | 22,115.22 | | | | | | | | | | 22,115.22 | |
| 4-18 Various General Improvements | 246,749.72 | | | | | | | | 25,164.66 | 13,788.56 | 178,932.21 | |
| 9-18 Various Roadway Improvements | 100,112.79 | | | | | | | | 19.00 | 622.75 | 26,333.26 | |
| 9-19 Various General Improvements | 9,068.93 | | | | | | | | 124.11 | 44,078.84 | 5,351.97 | |
| 3-20 Various General Improvements | | | | | | 4,532,000.00 | 366,941.49 | | 1,207,871.89 | 238,900.00 | 3,196,086.62 | |
| | \$ 1,057,027.09 | | 515,525.02 | | 238,500.00 | 4,532,000.00 | 655,654.02 | - | 1,600,238.04 | 1,600,238.04 | 5,687,398.09 | |

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

| | |
|-----------------------------------|-----------------------------|
| Balance December 31, 2019 | \$ 118,155.00 |
| Increased by: | |
| 2020 Budget Appropriation | <u>238,500.00</u> |
| | 356,655.00 |
| Decreased by: | |
| Improvement Authorization Funding | <u>238,900.00</u> |
| Balance December 31, 2020 | <u><u>\$ 117,755.00</u></u> |

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

| | | |
|---|-------------------|-------------------------|
| Balance December 31, 2019 | | \$ 5,540,469.08 |
| Increased by: | | |
| General Obligation Bonds Issued | | <u>9,100,000.00</u> |
| | | 14,640,469.08 |
| Decreased by: | | |
| 2020 Budget Appropriation to Pay Bonds: | | |
| Municipal Bonds | 1,235,623.00 | |
| Green Trust Loan Principal Paid | 9,314.01 | |
| NJFIT Bonds & Loans | 73,776.15 | |
| School Bonds | <u>384,377.00</u> | |
| | | <u>1,703,090.16</u> |
| Balance December 31, 2020 | | <u>\$ 12,937,378.92</u> |

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | | Interest Rate | Balance Dec. 31, 2019 | Increased | Decreased | Balance Dec. 31, 2020 |
|---------------------------------------|---------------|--------------------------|---------------------------------|--------------|-------------------|-----------------|-----------------------|--------------|---------------|-----------------------|
| | | | Date | Amount | December 31, 2020 | | | | | |
| General Improvement Bonds | 9/1/2010 | 4,099,222.00 | - | - | - | 610,623.00 | - | 610,623.00 | - | |
| General Improvement Bonds (Retunding) | 2/7/2012 | 5,960,000.00 | 7/15/2021 | 650,000.00 | 4.000% | 2,660,000.00 | - | 625,000.00 | 2,035,000.00 | |
| | | | 7/15/2022 | 680,000.00 | 4.000% | | | | | |
| | | | 7/15/2023 | 705,000.00 | 4.000% | | | | | |
| General Obligation Bonds, Series 2020 | 7/16/2020 | 9,100,000.00 | 7/15/2021 | 600,000.00 | 4.000% | | 9,100,000.00 | | 9,100,000.00 | |
| | | | 7/15/2022 | 640,000.00 | 4.000% | | | | | |
| | | | 7/15/2023 | 730,000.00 | 4.000% | | | | | |
| | | | 7/15/2024 | 825,000.00 | 4.000% | | | | | |
| | | | 7/15/2025 | 910,000.00 | 4.000% | | | | | |
| | | | 7/15/2026 | 950,000.00 | 4.000% | | | | | |
| | | | 7/15/2027 | 1,050,000.00 | 4.000% | | | | | |
| | | | 7/15/2028 | 1,095,000.00 | 3.000% | | | | | |
| | | 7/15/2029 | 1,135,000.00 | 2.000% | | | | | | |
| | | 7/15/1930 | 1,165,000.00 | 2.000% | | | | | | |
| | | | | | | \$ 3,270,623.00 | 9,100,000.00 | 1,235,623.00 | 11,135,000.00 | |

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | | Interest Rate | Balance Dec. 31, 2019 | Increased | Decreased | Balance Dec. 31, 2020 |
|------------------------------------|---------------|--------------------------|---------------------------------|-------------------|--------|---------------|-----------------------|-----------|-----------|-----------------------|
| | | | Date | December 31, 2020 | Amount | | | | | |
| Lighting at All Wars Memorial Park | 7/9/2003 | 150,000.00 | 01/15/21 | 4,726.98 | 2.000% | 23,637.23 | | 9,314.01 | 14,323.22 | |
| | | | 07/15/21 | 4,774.25 | 2.000% | | | | | |
| | | | 01/15/22 | 4,821.99 | 2.000% | | | | | |
| | | | | | | \$ 23,637.23 | - | 9,314.01 | 14,323.22 | |

**GENERAL CAPITAL FUND
SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOANS PAYABLE**

| Purpose | Date of Issue | Amount of Original Issue | Maturities of Bonds Outstanding | | | | Balance Dec. 31, 2019 | Increased | Decreased | Balance Dec. 31, 2020 |
|----------------|---------------|--------------------------|---------------------------------|-----------|---------------|-----------------------|-----------------------|-----------|------------|-----------------------|
| | | | Date | Amount | Interest Rate | Balance Dec. 31, 2019 | | | | |
| Infrastructure | 5/3/12 | 1,155,931.00 | 2/1/21 | 39,184.10 | - | 666,831.85 | - | 58,776.15 | 608,055.70 | |
| | | | 8/1/21 | 19,592.05 | - | | | | | |
| | | | 2/1/22 | 39,184.10 | - | | | | | |
| | | | 8/1/22 | 19,592.05 | - | | | | | |
| | | | 2/1/23 | 39,184.10 | - | | | | | |
| | | | 8/1/23 | 19,592.05 | - | | | | | |
| | | | 2/1/24 | 39,184.10 | - | | | | | |
| | | | 8/1/24 | 19,592.05 | - | | | | | |
| | | | 2/1/25 | 39,184.10 | - | | | | | |
| | | | 8/1/25 | 19,592.05 | - | | | | | |
| | | | 2/1/26 | 39,184.10 | - | | | | | |
| | | | 8/1/26 | 19,592.05 | - | | | | | |
| | | | 2/1/27 | 39,184.10 | - | | | | | |
| | | | 8/1/27 | 19,592.05 | - | | | | | |
| | | | 2/1/28 | 39,184.10 | - | | | | | |
| | | | 8/1/28 | 19,592.05 | - | | | | | |
| | | | 2/1/29 | 39,184.10 | - | | | | | |
| 8/1/29 | 19,592.05 | - | | | | | | | | |
| 2/1/30 | 39,184.10 | - | | | | | | | | |
| 8/1/30 | 19,592.05 | - | | | | | | | | |
| 2/1/31 | 20,294.20 | - | | | | | | | | |
| Infrastructure | 5/3/12 | 360,000.00 | 8/1/21 | 15,000.00 | 5.00% | 255,000.00 | | 15,000.00 | 240,000.00 | |
| | | | 8/1/22-26 | 20,000.00 | 5.00% | | | | | |
| | | | 8/1/27-28 | 25,000.00 | 3.00% | | | | | |
| | | | 8/1/29 | 25,000.00 | 3.13% | | | | | |
| | | | 8/1/30 | 25,000.00 | 3.20% | | | | | |
| 8/1/31 | 25,000.00 | 3.25% | | | | | | | | |
| | | | | | | \$ 921,831.85 | - | 73,776.15 | 848,055.70 | |

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF (TYPE I) SCHOOL SERIAL BONDS**

| Purpose | Date of Issue | Original Issue | Date | Maturities of Bonds Outstanding December 31, 2020 | | Int. Rate | Balance Dec. 31, 2019 | Issued 2020 | Decreased Paid 2020 | Balance Dec. 31, 2020 |
|--------------------------|---------------|----------------|---------|---|----|-----------|-----------------------|---------------|---------------------|-----------------------|
| | | | | Amount | | | | | | |
| School Bonds | 9/1/2010 | 230,778.00 | | | \$ | 34,377.00 | | 34,377.00 | - | |
| School Bonds (Refunding) | 2/7/2012 | 1,280,000.00 | 7/15/21 | 180,000.00 | | 4.000% | 355,000.00 | 175,000.00 | 180,000.00 | |
| School Bonds (Refunding) | 12/3/2014 | 1,615,000.00 | 8/01/21 | 185,000.00 | | 3.000% | 935,000.00 | 175,000.00 | 760,000.00 | |
| | | | 8/01/22 | 185,000.00 | | 3.000% | | | | |
| | | | 8/01/23 | 195,000.00 | | 3.000% | | | | |
| | | | 8/01/24 | 195,000.00 | | 3.000% | | | | |
| | | | | | | | \$ 1,324,377.00 | - | 384,377.00 | 940,000.00 |
| | | | | | | | | Refunded Paid | - | 384,377.00 |
| | | | | | | | | | 384,377.00 | |

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

| Improvement Description | Ordinance Number | Date of Original Issue | Date of Issue | Date of Maturity | Interest Rate | Balance Dec. 31, 2019 | Increased | Serial Bonds Issued | Paid Through Budget | Balance Dec. 31, 2020 |
|---|------------------|------------------------|---------------|------------------|---------------|-----------------------|-----------|---------------------|---------------------|-----------------------|
| Various General Improvements | 10-2011 | 9/8/2011 | 7/22/2019 | 7/21/2020 | 2.000% \$ | 164,900.00 | - | 160,000.00 | 4,900.00 | - |
| Various General Improvements | 13-2012 | 8/7/2012 | 7/22/2019 | 7/21/2020 | 2.000% | 169,065.00 | - | 160,000.00 | 9,065.00 | - |
| Demolition of Poplar Avenue School and Related Improvements | 12-2014 | 7/24/2018 | 7/22/2019 | 7/21/2020 | 2.000% | 606,000.00 | - | 600,000.00 | 6,000.00 | - |
| Various General Improvements | 14-2014 | 8/1/2014 | 7/22/2019 | 7/21/2020 | 2.000% | 842,000.00 | - | 800,000.00 | 42,000.00 | - |
| Various General Improvements | 6-2015 | 7/30/2015 | 7/22/2019 | 7/21/2020 | 2.000% | 885,000.00 | - | 885,000.00 | - | - |
| Memorial Park | 6-2017 | 7/24/2018 | 7/22/2019 | 7/21/2020 | 2.000% | 142,500.00 | - | 118,000.00 | 24,500.00 | - |
| Various General Improvements | 4-2018 | 7/24/2018 | 7/22/2019 | 7/21/2020 | 2.000% | 1,480,000.00 | - | 1,480,000.00 | - | - |
| Roadway Improvements | 9-2018 | 7/24/2018 | 7/22/2019 | 7/21/2020 | 2.000% | 475,000.00 | - | 475,000.00 | - | - |
| Various General Improvements | 9-2019 | 7/22/2019 | 7/22/2019 | 7/21/2020 | 2.000% | 171,000.00 | - | 170,000.00 | 1,000.00 | - |
| | | | | | | \$ 4,935,465.00 | - | 4,848,000.00 | 87,465.00 | - |

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

| Ordinance Number | Improvement Description | Balance Dec. 31, 2019 | 2020 Authorizations | Debt Issued | Cancelled | Balance Dec. 31, 2020 |
|------------------|---|--------------------------|------------------------|---------------------|-----------|--------------------------|
| 11-2009 | Various General Improvements | \$ 223.00 | | | | 223.00 |
| 8-2010 | Stormwater Drain System Improvements (Construction of Clean Water Project) | 494,069.00 | | | | 494,069.00 |
| 10-2010 | Various General Improvements | 3,000.00 | | | | 3,000.00 |
| 10-2011 | Various General Improvements | 1.00 | | | | 1.00 |
| 15-2011 | Refunding Bond Ordinance General Obligation Refunding Bonds | 700,000.00 | | | | 700,000.00 |
| 13-2012 | Various General Improvements | 3.00 | | | | 3.00 |
| 03-2020 | Various General Improvements | - | 4,539,100.00 | 4,532,000.00 | | 7,100.00 |
| | | <u>\$ 1,197,296.00</u> | <u>4,539,100.00</u> | <u>4,532,000.00</u> | <u>-</u> | <u>1,204,396.00</u> |

CITY OF LINWOOD

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate of \$17,500 except by contract or agreement".

The governing body of the City of Linwood has the responsibility of determining whether the expenditures in any category will exceed \$17,500 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the district counsel's opinion should be sought before a commitment is made.

The minutes indicate that bids were requested by public advertising for the following items:

- Janitorial Services
- Roof Restoration of the Leedsville Schoolhouse
- Brighton Drive Resurfacing Project
- Wabash Avenue Widening Project
- Frances Avenue Sewer Project
- Poplar Avenue Pump Station Rehabilitation Project

The minutes indicate resolutions were adopted and advertised authorizing the awarding of contracts or agreements for "Professional Services" per NJS 40A:11-5.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work 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.

Our examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$17,500 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body, on January 4, 2020, adopted the following resolution authorizing interest to be charged on delinquent taxes:

"WHEREAS, R.S. 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments; and

WHEREAS, R.S. 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500 of delinquency and 18% per annum on any amount in excess of \$1,500;

NOW, THEREFORE, BE IT RESOLVED, by the Common Council of the City of Linwood, County of Atlantic, State of New Jersey as follows:

The Tax Collector is hereby authorized and directed to charge eight (8) percent per annum on the first \$1,500 of delinquency, and eighteen (18) percent per annum on any amount in excess of \$1,500, said amounts to be calculated from the date the tax is payable until the date of actual payment."

In addition, the governing body, on January 4, 2020, adopted the following resolution authorizing the allowance of a grace period before charging a penalty for late payment of taxes:

“WHEREAS, NJSA 54:4-67 allows the governing body to fix the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent, and may provide that no interest shall be charged if payment of any installment is made within the tenth calendar day following the date upon which the same became payable; and

WHEREAS, the Mayor and Common Council of the City of Linwood are desirous of so authorizing the Linwood Tax Collector to allow such a grace period of taxes, assessments and sewer charges;

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Common Council of the City of Linwood, that the Linwood City Tax Collector is hereby duly authorized, empower and directed to charge a penalty starting on February 11, 2020 for the first quarter, May 11, 2020 for the second quarter, August 11, 2020 for the third quarter and November 11, 2020 for the fourth quarter.”

Further, the governing body on January 4, 2020, adopted the following resolution to impose a penalty on tax delinquencies in excess of \$10,000:

“WHEREAS, NJSA 54:4-67 allows the governing body to charge a taxpayer having a tax delinquency in excess of \$10,000 at the end of the calendar year, an amount not to exceed 6% of said delinquency; and

WHEREAS, the Mayor and Common Council of the City of Linwood are desirous of so authorizing the Linwood Tax Collector to assess such a penalty;

NOW, THEREFORE, BE IT RESOLVED, by the Mayor and Common Council of the City of Linwood, that the Linwood Tax Collector be and is hereby duly authorized, empowered and directed to charge a penalty in the amount of 6% for all delinquent taxes, assessments, or other municipal liens or charges in excess of \$10,000 which have not been paid prior to the end of this calendar year.”

Our examination of interest collected on delinquent taxes did not reveal any charges that were not in agreement with the above resolution.

Delinquent Taxes and Tax Title Liens

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit. The last tax sale was held on September 2, 2020 and was complete,

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

| <u>Year</u> | <u>Tax</u> | <u>Sewer</u> |
|-------------|------------|--------------|
| 2020 | 5 | 0 |
| 2019 | 5 | 0 |
| 2018 | 7 | 0 |

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

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Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

| <u>Type</u> | <u>Number Mailed</u> |
|--|----------------------|
| Payments of 2020 and 2021 Taxes | 15 |
| Delinquent Taxes | 5 |
| Payment of 2020 and 2019 Sewer Charges | 15 |
| Delinquent Sewer Charges | 5 |
| Tax Title Liens | 2 |

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

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

| <u>Year</u> | <u>Tax Levy</u> | <u>Cash Collections</u> | <u>Percentage of Collections</u> |
|-------------|------------------|-------------------------|----------------------------------|
| 2020 | \$ 33,163,225.02 | 32,753,027.63 | 98.76% |
| 2019 | 32,693,399.79 | 32,137,827.69 | 98.30% |
| 2018 | 32,370,949.24 | 31,579,466.69 | 97.55% |
| 2017 | 32,151,013.18 | 31,264,050.73 | 97.24% |
| 2016 | 31,653,760.36 | 31,071,506.95 | 98.16% |

Comparative Schedule of Tax Rate Information

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Tax Rate | \$ 3.556 | 3.480 | 3.402 | 3.334 | 3.222 |
| Apportionment of Tax Rate: | | | | | |
| Municipal | 0.929 | 0.930 | 0.917 | 0.896 | 0.868 |
| Municipal Library | 0.032 | 0.031 | 0.031 | 0.032 | 0.033 |
| County | 0.486 | 0.471 | 0.484 | 0.491 | 0.465 |
| Local School | 1.405 | 1.336 | 1.262 | 1.231 | 1.211 |
| Regional High School | 0.704 | 0.712 | 0.708 | 0.684 | 0.645 |
| Assessed Valuation | 930,798,400 | 938,248,800 | 949,695,300 | 961,551,000 | 978,750,200 |

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage Of Tax Levy</u> |
|-------------|----------------------------------|-----------------------------------|-------------------------|-------------------------------|
| 2020 | \$ 57,848.64 | 211,934.72 | 269,783.36 | 0.81% |
| 2019 | 49,839.31 | 230,141.75 | 279,981.06 | 0.86% |
| 2018 | 42,051.07 | 334,365.41 | 376,416.48 | 1.16% |
| 2017 | 34,437.40 | 387,877.40 | 422,314.80 | 1.31% |
| 2016 | 38,454.15 | 376,439.38 | 414,893.53 | 1.31% |

RECOMMENDATIONS

NONE

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

Very truly yours,

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Leon P. Costello

**Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393**

June 30, 2021