

CITY OF LINWOOD
ATLANTIC COUNTY
NEW JERSEY
AUDIT REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2023

**CITY OF LINWOOD
TABLE OF CONTENTS**

	Exhibit	Page
PART 1		
Independent Auditor's Report		1-3
CURRENT FUND		
Comparative Balance Sheet - Regulatory Basis	A	4-5
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1	6-7
Statement of Revenues - Regulatory Basis	A-2	8-11
Statement of Expenditures - Regulatory Basis	A-3	12-18
TRUST FUND		
Comparative Balance Sheet - Regulatory Basis	B	19-20
CAPITAL FUND		
Comparative Balance Sheet - Regulatory Basis	C	21
Comparative Statement of Fund Balance - Regulatory Basis	C-1	22
GENERAL FIXED ASSETS ACCOUNT GROUP		
Statement of General Fixed Assets - Regulatory Basis	G	23
NOTES TO FINANCIAL STATEMENTS		24-50
SUPPLEMENTARY INFORMATION		
Independent Auditor's Report - Government Auditing Standards		51-52
Schedule of Financial Statement Findings		53
Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs		53
Status of Prior Recommendations		53
CURRENT FUND		
Schedule of Cash - Treasurer	A-4	54
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-5a	55
Schedule of Sewer Rents	A-5b	56
Schedule of Tax Title and Other Liens	A-6	27
Schedule of Revenue Accounts Receivable	A-7	58
Schedule of Appropriation Reserves - Prior Year	A-8	59-62
Schedule of Local District School Tax	A-9a	63

**CITY OF LINWOOD
TABLE OF CONTENTS**

	Exhibit	Page
Schedule of Regional School Tax	A-9b	64
Schedule of Federal and State Grants Receivable	A-10	65-66
Schedule of Appropriation Reserves for Federal and State Grants	A-11	67
Schedule of Federal and State Grants - Unappropriated Reserves	A-12	68
 TRUST FUNDS		
Schedule of Cash - Treasurer	B-1	69-70
Schedule of Reserve for Animal Control Fund Expenditures	B-2	71
Schedule of Amount Due to Current Fund - Animal Control Fund	B-3	72
Schedule of Amount Due to State of New Jersey - Department of Health	B-4	73
Schedule of Reserve for Cat Registrations	B-5	74
Schedule of Reserve for Tax Title Lien Redemptions	B-6	75
Schedule of Miscellaneous Trust Fund Reserves	B-7	76
 CAPITAL FUNDS		
Schedule of Cash - Treasurer	C-2	77
Analysis of Cash	C-3	78
Schedule of Capital Improvement Fund	C-4	19
Schedule of Deferred Charges to Future Taxation - Funded	C-5	80
Schedule of Deferred Charges to Future Taxation - Unfunded	C-6	81
Statement of Improvement Authorizations	C-7	82-83
Schedule of General Serial Bonds	C-8a	84
Schedule of Green Trust Loan Payable	C-8b	NA
Schedule of Environmental Infrastructure Trust Loans	C-8c	85
Schedule of (Type I) School Serial Bonds	C-8d	86
Schedule of Bond Anticipation Notes	C-9	87
Schedule of Bonds and Notes Authorized But Not Issued	C-10	88
 PART II		
General Comments		89-91
Recommendations		92

CITY OF LINWOOD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Linwood
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

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, 2023 and 2022, 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, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023 and 2022, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2023 and 2022, 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, 2023 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Linwood and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the 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.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Linwood's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Linwood's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Linwood's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance 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 regulatory basis financial statements as a whole.

The letter of comments and recommendations section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or 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 March 29, 2024, 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 the effectiveness 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.

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

March 29, 2024

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

EXHIBIT A - CURRENT FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Cash:		
Treasurer	\$ 3,239,929.07	3,210,325.78
Clerk	2,531.86	2,234.79
Change Fund	300.00	300.00
Petty Cash	100.00	100.00
Total Cash	3,242,860.93	3,212,960.57
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	263,149.42	248,343.93
Tax Title and Other Liens	82,373.14	74,009.72
Property Acquired for Taxes - at Assessed Valuation	28,147.00	28,147.00
Sewer Rents Receivable	23,665.50	21,538.00
Revenue Accounts Receivable	1,784.48	1,561.03
Interfund Receivable:		
Animal Control	26.25	12,297.86
Grant Fund	207,625.71	207,625.71
Total Receivables and Other Assets	606,771.50	593,523.25
Deferred Charges:		
None	-	-
Total Deferred Charges	-	-
Total Regular Fund	3,849,632.43	3,806,483.82
Federal and State Grant Fund:		
Cash	534,987.93	81,292.29
Federal and State Grants Receivable	569,660.82	531,720.91
Total Federal and State Grant Fund	1,104,648.75	613,013.20
Total Current Fund	\$ 4,954,281.18	4,419,497.02

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 417,168.68	311,230.28
Reserve for Encumbrances/Accounts Payable	246,125.83	208,937.44
Prepaid Taxes	389,001.73	402,496.47
Prepaid Sewer Rents	395,853.25	332,226.73
Overpaid Taxes	2,619.91	15,701.87
Overpaid Sewer Rents	1,186.99	695.00
County Added Tax Payable	39,513.73	20,569.83
Reserve for Municipal Relief Funds	59,622.64	29,817.28
Due to City Library - Added Taxes	-	-
Due to State:		
Marriage Licenses	200.00	325.00
Construction Training Fees	3,068.00	3,347.00
Veterans and Senior Citizens	6,225.16	5,917.79
Interfund Payable:		
Due from Other Trusts	1,806.62	1,806.62
	<u>1,562,392.54</u>	<u>1,333,071.31</u>
Reserve for Receivables and Other Assets	606,771.50	593,523.25
Fund Balance	1,680,468.39	1,879,889.26
Total Regular Fund	<u>3,849,632.43</u>	<u>3,806,483.82</u>
Federal and State Grant Fund:		
Unappropriated Reserves	144,730.20	1,413.19
Appropriated Reserves	391,704.37	354,840.27
Due to Current Fund	207,625.71	207,625.71
Reserve for Encumbrances	360,588.47	49,134.03
Total Federal and State Grant Fund	<u>1,104,648.75</u>	<u>613,013.20</u>
Total Current Fund	<u>\$ 4,954,281.18</u>	<u>4,419,497.02</u>

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

	2023	2022
Revenue and Other Income Realized		
Fund Balance	\$ 1,000,000.00	480,000.00
Miscellaneous Revenue Anticipated	3,362,212.92	3,557,584.78
Receipts from Delinquent Taxes	230,299.70	253,175.18
Receipts from Current Taxes	34,854,485.52	33,676,054.85
Non Budget Revenue	44,413.95	68,834.76
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	299,081.05	303,789.17
Cancellation of Prior Year Liabilities	0.06	-
Interfund Returned	12,297.86	
Total Income	<u>39,802,791.06</u>	<u>38,339,438.74</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	3,668,378.00	3,472,248.00
Other Expenses	4,432,527.00	4,334,087.00
Deferred Charges & Statutory Expenditures	1,250,867.38	1,116,593.15
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	2,303,789.11	1,677,271.22
Capital Improvements	61,250.00	562,500.00
Municipal Debt Service	1,806,430.31	1,750,179.30
Local District School Debt Service	206,700.00	202,250.00
Local District School Tax	13,448,318.00	13,189,016.00
Regional District High School Tax	6,861,173.00	6,708,319.00
County Tax	4,922,015.40	4,642,750.29
County Share of Added Tax	39,513.73	20,569.83
Refund of Prior Year Revenue	1,250.00	-
Interfund Created	-	-
Total Expenditures	<u>39,002,211.93</u>	<u>37,675,783.79</u>
Excess in Revenue	<u>800,579.13</u>	<u>663,654.95</u>

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

	2023	2022
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	800,579.13	663,654.95
Fund Balance January 1	1,879,889.26	1,696,234.31
	2,680,468.39	2,359,889.26
Decreased by:		
Utilization as Anticipated Revenue	1,000,000.00	480,000.00
Fund Balance December 31	\$ 1,680,468.39	1,879,889.26

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 1,000,000.00	1,000,000.00	
Total Fund Balance Anticipated	<u>1,000,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Other	56,000.00		(4,478.11)
Fines and Costs:			
Municipal Court	39,500.00		(3,134.98)
Interest and Costs on Taxes	74,500.00		5,595.76
Interest Earned on Investments and Deposits	22,000.00		30,942.71
Sewer Use Charges	1,335,000.00		3,379.69
Parking Permits	8,000.00		1,065.00
Planning and Zoning Fees and Permits	10,500.00		2,550.00
Total Section A: Local Revenues	<u>1,545,500.00</u>	<u>-</u>	<u>35,920.07</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	575,559.00		0.16
Municipal Relief Fund Aid	28,326.42		1,490.58
Total Section B: State Aid Without Offsetting Appropriations	<u>603,885.42</u>	<u>-</u>	<u>1,490.74</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, 2023**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	229,000.00		352,093.00	123,093.00
Total Section C: Uniform Construction Code Fees	229,000.00	-	352,093.00	123,093.00
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Municipal Alliance on Alcoholism and Drug Abuse	2,798.32		2,798.32	-
Recycling Tonnage	9,155.88		9,155.88	-
Body Armor Grant	1,413.19		1,413.19	-
Clean Communities		20,607.57	20,607.57	-
NJ Department of Transportation Trust Fund	287,800.00		287,800.00	-
Local Recreational Improvement Grant		50,000.00	50,000.00	-
American Rescue Plan Firefighters Grant	29,000.00		29,000.00	-
DMHAS Youth Leadership Grant	3,124.38		3,124.38	-
Community Development Block Grant	45,000.00		45,000.00	-
NJ Department of Environmental Protection				
Stormwater Assistance Grant		25,000.00	25,000.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	378,291.77	95,607.57	473,899.34	-

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, 2023**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Uniform Fire Safety Act	27,027.00		(445.02)
Cell Phone Tower Rent	60,000.00		2,695.64
Reserve Payment of Debt Bond Sale Premium	260,146.73		-
Total Section G: Other Special Items	<u>347,173.73</u>	<u>-</u>	<u>2,250.62</u>
Total Miscellaneous Revenues:	3,103,850.92	95,607.57	162,754.43
Receipts from Delinquent Taxes	<u>250,000.00</u>		<u>(19,700.30)</u>
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	9,123,845.00		300,762.39
Amount for Local District Tax	206,700.00		-
Library Tax	352,158.00		-
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>9,682,703.00</u>	<u>-</u>	<u>300,762.39</u>
Budget Totals	14,036,553.92	95,607.57	443,816.52
Non- Budget Revenues:			
Other Non- Budget Revenues:			44,413.95
	<u>\$ 14,036,553.92</u>	<u>95,607.57</u>	<u>488,230.47</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, 2023**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	34,854,485.52
--------------------------	----	---------------

Allocated to:

School, County and Other Taxes	25,271,020.13
--------------------------------	---------------

Balance for Support of Municipal Budget Appropriations	9,583,465.39
--	--------------

Increased by:

Appropriation "Reserved for Uncollected Taxes"	400,000.00
--	------------

Amount for Support of Municipal Budget Appropriations	<u>9,983,465.39</u>
---	---------------------

Receipts from Delinquent Taxes:

Delinquent Tax Collection	230,299.70
---------------------------	------------

Tax Title Lien Collections	<u>-</u>
----------------------------	----------

Total Receipts from Delinquent Taxes	<u>230,299.70</u>
--------------------------------------	-------------------

Analysis of Non-Budget Revenue:

Clerk:

Clerk Copies	35.08
--------------	-------

Other Miscellaneous	297.07
---------------------	--------

Other Miscellaneous:

Accident Reports and Gun Permits	7,181.77
----------------------------------	----------

Administration Fees - Senior Citizens & Veterans	880.00
--	--------

State of New Jersey:

Public Safety Funds	889.78
---------------------	--------

Coronavirus Recovery Funds	12,158.00
----------------------------	-----------

Sale of Assets - GovDeals	725.00
---------------------------	--------

Monsanto Co. Lawsuit Settlement	17,414.03
---------------------------------	-----------

Foreclosure Fees	2,750.00
------------------	----------

Restitution	34.84
-------------	-------

Tax Searches	160.00
--------------	--------

Towing Licenses	250.00
-----------------	--------

Cut and Clean Liens and Miscellaneous	1,251.37
---------------------------------------	----------

Other Miscellaneous	<u>387.01</u>
---------------------	---------------

44,413.95

Total Miscellaneous Revenue Not Anticipated:	\$	<u>44,413.95</u>
--	----	------------------

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"							
GENERAL GOVERNMENT:							
General Administration							
Other Expenses	\$ 3,600.00	3,600.00	2,005.00	25.00	1,570.00		
Mayor and Council							
Salaries and Wages	65,935.00	65,935.00			-		
Municipal Clerk							
Salaries and Wages	155,708.00	155,708.00	154,438.99		1,269.01		
Other Expenses	63,900.00	63,900.00	55,388.07	4,383.39	4,128.54		
Elections							
Other Expenses	11,000.00	11,000.00	9,953.38		1,046.62		
Financial Administration							
Salaries and Wages	83,631.00	83,671.00	83,670.24		0.76		
Other Expenses	35,000.00	35,000.00	33,086.87	115.20	1,797.93		
Audit Services							
Other Expenses	31,000.00	31,000.00	31,000.00		-		
Assessment of Taxes							
Salaries and Wages	35,860.00	35,860.00	35,859.96		0.04		
Other Expenses	13,990.00	3,990.00	2,268.68	1,200.00	521.32		
Tax Collector							
Salaries and Wages	79,503.00	80,003.00	78,042.78		1,960.22		
Other Expenses	14,680.00	14,680.00	12,989.06	252.69	1,438.25		
Paying Agent Fees	5.00	5.00	-		5.00		
Legal Services							
Other Expenses	100,000.00	70,000.00	65,294.98		4,705.02		
Engineering & Planning Services							
Other Expenses	30,000.00	30,000.00	25,830.00	3,572.50	597.50		
Professional Services							
Public Buildings and Grounds	445,500.00	442,460.00	369,060.61	49,372.76	24,026.63		
Other Expenses							
Shade Tree	400.00	400.00	400.00		-		
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, 2023**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
INSURANCE							
General Liability	130,152.00	130,152.00	124,845.36		5,306.64		
Workers Compensation	285,283.00	285,283.00	263,515.00		21,768.00		
Employee Group Health	1,335,458.00	1,300,458.00	1,250,978.89	361.20	49,117.91		
Employee Group Health Waiver	5.00	5.00	-		5.00		
LAND USE ADMINISTRATION							
Planning Board							
Salaries and Wages	10,044.00	10,044.00	10,044.00		-		
Other Expenses	35,000.00	35,000.00	13,584.36	11,750.52	9,665.12		
PUBLIC SAFETY							
Uniform Fire Safety Act							
Salaries and Wages	16,913.00	16,914.00	16,884.35		29.65		
Other Expenses	10,114.00	10,113.00	2,221.43	200.00	7,691.57		
Fire							
Salaries and Wages	398,000.00	398,000.00	392,347.16		5,652.84		
Other Expenses							
Misc. Other Expenses	85,500.00	85,500.00	48,970.35	28,343.66	8,185.99		
Aid to Volunteer Fire Company							
Operation and Maintenance	70,000.00	70,000.00	38,625.00		31,375.00		
Police							
Salaries and Wages	2,108,784.00	2,108,784.00	2,046,934.55		61,849.45		
Other Expenses	162,500.00	162,500.00	109,288.33	49,936.97	3,274.70		
Emergency Management Services							
Salaries and Wages	1,085.00	1,085.00	1,083.97		1.03		
Other Expenses	20,000.00	20,000.00	8,370.00	4,115.91	7,514.09		
SANITATION							
Road Repairs and Maintenance							
Salaries and Wages	535,103.00	541,103.00	541,103.00		-		
Other Expenses	178,000.00	178,000.00	97,106.19	44,154.56	36,739.25		
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, 2023**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
Other Expenses							
Finance and Administration	8,026.00	8,026.00	6,925.85		1,100.15		
Operations and Maintenance	25,000.00	25,000.00	9,206.60		15,793.40		
Miscellaneous Other Expenses	202,710.00	202,710.00	199,446.59		3,263.41		
Landfill-Tipping Fees	485,000.00	509,000.00	477,312.87	30,962.98	724.15		
Municipal Services Act - Condos	54,500.00	54,500.00	54,280.12		219.88		
HEALTH AND HUMAN SERVICES							
Dog Warden							
Contractual	9,900.00	9,900.00	8,250.00	1,650.00	-		
Senior Citizen Services							
Other Expenses	5,000.00	5,000.00	794.88	941.51	3,263.61		
PARKS AND RECREATION FUNCTIONS							
Parks and Play Grounds							
Salaries and Wages	15,636.00	15,636.00	15,635.88		0.12		
Other Expenses	31,850.00	31,850.00	3,756.95	437.18	27,655.87		
Historian							
Other Expenses	500.00	500.00	-		500.00		
UNIFORM CONSTRUCTION CODE							
State Uniform Construction Code							
Construction Official							
Salaries and Wages	155,625.00	155,625.00	151,127.08		4,497.92		
Other Expenses	26,000.00	26,000.00	6,344.35	2,068.54	17,587.11		
UNCLASSIFIED							
Utilities							
Gasoline	70,000.00	75,000.00	51,071.64	5,672.92	18,255.44		
Electric	115,000.00	127,000.00	122,146.67	36.52	4,816.81		
Telephone	55,000.00	60,000.00	59,828.30		171.70		
Natural Gas	45,000.00	45,000.00	32,138.75	354.05	12,507.20		
Street Lighting	155,000.00	167,000.00	161,959.71	2,913.00	2,127.29		
Fire Hydrant Services	85,000.00	91,500.00	91,177.20		322.80		
Water and Sewer	7,500.00	9,500.00	8,415.14	608.09	476.77		

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, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Public Access Channel 2	1,500.00	1,500.00	1,000.00		500.00	
Accumulated Leave						
Salaries and Wages	5.00	5.00	-		5.00	
TOTAL OPERATIONS WITHIN "CAPS"	8,105,405.00	8,100,405.00	7,451,944.14	243,429.15	405,031.71	-
Contingent	500.00	500.00	-		500.00	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	8,105,905.00	8,100,905.00	7,451,944.14	243,429.15	405,531.71	-
Detail:						
Salaries and Wages	3,661,837.00	3,668,378.00	3,593,106.96		75,271.04	
Other Expenses	4,444,068.00	4,432,527.00	3,858,837.18	243,429.15	330,260.67	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None	-	-	-			
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	208,745.38	208,745.38	208,745.38			
Public Employees' Retirement System ERI						
Social Security System (O.A.S.I.)	260,000.00	265,000.00	262,609.24		2,390.76	
Police and Firemen's Retirement System	754,622.00	754,622.00	754,622.00			
Police and Firemen's Retirement System ERI						
Unemployment Compensation Insurance	15,000.00	15,000.00	12,366.43		2,633.57	
Defined Contribution Retirement Program	7,500.00	7,500.00	6,784.87		715.13	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,245,867.38	1,250,867.38	1,245,127.92	-	5,739.46	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	9,351,772.38	9,351,772.38	8,697,072.06	243,429.15	411,271.17	-

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, 2023**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget				Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"							
(A) Operations - Excluded from "CAPS"							
Maintenance of Free Public Library							
Other Expenses	352,158.00		352,158.00	352,158.00			-
Employee Group Health Insurance	202,323.00		202,323.00	202,323.00			-
Atlantic County Sewerage Authority							
Share of Costs	536,078.00		536,078.00	536,077.00		1.00	
City of Northfield's Share of Sewer Rents	11,520.00		11,520.00	11,520.00			-
Recycling Tax	11,000.00		11,000.00	10,818.04		181.96	
Length of Service Award Program	2,300.00		2,300.00	2,300.00			-
NJPDES Stormwater Maint. NJSA 40A:4-45.3(cc)							
Streets & Roads O/E	8,000.00		8,000.00	5,618.32	2,381.68		0.00
NJPDES Landfill Discharge NJSA 40A:4-45.3(cc)							
Landfill Tipping Fees	2,500.00		2,500.00	2,000.00		500.00	
NJPDES Stormwater Permit NJSA 40A:4-45.3(cc)							
Municipal Clerk O/E	500.00		500.00		315.00		185.00
Interlocal Municipal Service Agreements							
Dispatch Shared Services	399,665.00		399,665.00	399,665.00			-
Sewer System Services	196,000.00		196,000.00	196,000.00			-
Court Shared Services	106,913.00		106,913.00	101,883.45		5,029.55	
	<u>1,828,957.00</u>		<u>1,828,957.00</u>	<u>1,820,362.81</u>	<u>2,696.68</u>	<u>5,897.51</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues							
Municipal Alliance-Alcoholism and Drug Abuse							
County Share	2,798.32		2,798.32	2,798.32			-
Local Share	932.77		932.77	932.77			-
Body Armor Grant	1,413.19		1,413.19	1,413.19			-
Clean Communities Program							
Recycling Tonnage Grant	9,155.88		9,155.88	20,607.57			-
NJ Dept of Transportation-Franklin Blvd.	287,800.00		287,800.00	9,155.88			-
DMHAS Youth Leadership Grant	3,124.38		3,124.38	287,800.00			-
Local Recreational Improvement Grant				3,124.38			-
Community Development Block Grant	45,000.00		50,000.00	50,000.00			-
American Rescue Plan Firefighters Grant	29,000.00		45,000.00	45,000.00			-
				29,000.00			-

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, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
NJ Department of Environmental Protection - Stormwater Assistance Grant		25,000.00	25,000.00	-	-	
Total Public and Private Programs Off-Set by Revenues	<u>379,224.54</u>	<u>474,832.11</u>	<u>474,832.11</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS" Detail:	<u>2,208,181.54</u>	<u>2,303,789.11</u>	<u>2,295,194.92</u>	<u>2,696.68</u>	<u>5,897.51</u>	<u>-</u>
Salaries and Wages						
Other Expenses	<u>2,208,181.54</u>	<u>2,303,789.11</u>	<u>2,295,194.92</u>	<u>2,696.68</u>	<u>5,897.51</u>	<u>-</u>
(C) Capital Improvements						
Capital Improvement Fund	<u>61,250.00</u>	<u>61,250.00</u>	<u>61,250.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(C) Public and Private Programs Off-Set by Revenues						
NJ Department of Transportation Grant						
Bike Path Extension		-	-			
Resurfacing of Franklin Blvd.		-	-			
Total Public and Private Programs Off-Set by Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Improvements	<u>61,250.00</u>	<u>61,250.00</u>	<u>61,250.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service						
Payment of Bond Principal	<u>1,435,000.00</u>	<u>1,435,000.00</u>	<u>1,435,000.00</u>			
Interest on Bonds	<u>285,650.00</u>	<u>285,650.00</u>	<u>285,650.00</u>			
Green Trust Loan Program:						
NJEIT Loans & Bonds	<u>88,000.00</u>	<u>88,000.00</u>	<u>85,780.31</u>			<u>2,219.69</u>
Total Debt Service	<u>1,808,650.00</u>	<u>1,808,650.00</u>	<u>1,806,430.31</u>	<u>-</u>	<u>-</u>	<u>2,219.69</u>
(E) Deferred Charges						
None	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(N) Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 & 17.3)	-	-	-			
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	4,078,081.54	4,173,689.11	4,162,875.23	2,696.68	5,897.51	2,219.69
FOR LOCAL DISTRICT SCHOOL PURPOSES - EXCLUDED FROM "CAPS"						
Type 1 District School Debt Service	195,000.00	195,000.00	195,000.00			-
Payment of Bond Principal	11,700.00	11,700.00	11,700.00			-
Interest on Bonds	206,700.00	206,700.00	206,700.00			-
TOTAL TYPE 1 DISTRICT SCHOOL DEBT SERVICE	<u>206,700.00</u>	<u>206,700.00</u>	<u>206,700.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
SUBTOTAL GENERAL APPROPRIATIONS	13,636,553.92	13,732,161.49	13,066,647.29	246,125.83	417,168.68	2,219.69
(M) Reserve for Uncollected Taxes	400,000.00	400,000.00	400,000.00	-	-	
TOTAL GENERAL APPROPRIATIONS	<u>\$ 14,036,553.92</u>	<u>14,132,161.49</u>	<u>13,466,647.29</u>	<u>246,125.83</u>	<u>417,168.68</u>	<u>2,219.69</u>
Budget		14,036,553.92				2,219.69
Appropriations by 40A.4-87		95,607.57				-
Emergency Appropriations		-				-
		<u>14,132,161.49</u>				<u>2,219.69</u>
Reserve for Uncollected Taxes			400,000.00			
Federal and State Grants			473,899.34			
Capital Improvement Fund			-			
Appropriation Refunds			(695,995.78)			
Disbursements			13,288,743.73			
			<u>13,466,647.29</u>			

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

EXHIBIT B - TRUST FUNDS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

	2023	2022
<u>ASSETS</u>		
Animal Control Fund:		
Cash - Treasurer	\$ 14,558.74	27,271.69
	14,558.74	27,271.69
Length of Service Award Program (LOSAP)		
Investment	183,254.21	181,113.19
	183,254.21	181,113.19
Other Funds		
Cash - Treasurer	673,056.69	804,165.02
Due from Current Fund		
Payroll Trust	1,806.62	1,806.62
	674,863.31	805,971.64
	872,676.26	1,014,356.52
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Animal Control Fund		
Reserve for:		
Dog Expenditures	2,686.00	3,047.14
Cat Expenditures	11,844.69	11,926.69
Due to State of New Jersey	1.80	-
Due to Current Fund	26.25	12,297.86
	14,558.74	27,271.69
Length of Service Award Program (LOSAP)		
Reserve for LOSAP	183,254.21	181,113.19
	\$ 183,254.21	181,113.19

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,**

	2023	2022
Other Funds		
Payroll Taxes Payable	\$ 2,956.67	33,929.28
Tax Title Lien Redemptions and Premiums	386,888.33	514,883.84
Reserves for Miscellaneous Trusts	285,018.31	257,158.52
	674,863.31	805,971.64
	\$ 872,676.26	1,014,356.52

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

EXHIBIT C - GENERAL CAPITAL FUND

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash	\$ 3,097,894.55	2,208,077.19
Deferred Charges to Future Taxation -		
Funded	7,941,727.25	9,650,503.40
Unfunded	<u>3,056,896.00</u>	<u>1,893,146.00</u>
	<u>14,096,517.80</u>	<u>13,751,726.59</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	1,145,164.20	588,896.61
Bond Anticipation Notes Payable	1,862,600.00	-
Serial Bonds Payable	7,130,000.00	8,565,000.00
Environmental Infrastructure Trust Loans Payable	616,727.25	695,503.40
School Serial Bonds	195,000.00	390,000.00
Reserve for Payment Bonds and Notes	(0.00)	260,146.73
Reserve for Improvements to Sewer System	25,000.00	25,000.00
Improvement Authorizations:		
Funded	1,758,865.87	2,021,189.91
Unfunded	1,235,337.96	1,086,944.18
Capital Improvement Fund	117,755.00	117,755.00
Fund Balance	10,067.52	1,290.76
	<u>\$ 14,096,517.80</u>	<u>13,751,726.59</u>

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

2022	1,893,146.00
2023	1,194,296.00

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

	<u>2023</u>	<u>2022</u>
Beginning Balance January 1	\$ 1,290.76	1,290.76
Increased by:		
Premiums on Sale of Notes	<u>8,776.76</u>	<u>-</u>
Ending Balance December 31	<u>\$ 10,067.52</u>	<u>1,290.76</u>

EXHIBIT G - GENERAL FIXED ASSETS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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

	<u>2023</u>	<u>2022</u>
General Fixed Assets:		
Land	\$ 2,957,713.13	2,957,713.13
Buildings	5,554,776.82	5,554,776.82
Machinery and Equipment	3,415,375.02	2,889,783.65
Vehicles	<u>3,328,838.95</u>	<u>3,328,838.95</u>
Total General Fixed Assets	<u>15,256,703.92</u>	<u>14,731,112.55</u>
Investment in General Fixed Assets	\$ <u>15,256,703.92</u>	<u>14,731,112.55</u>

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

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

NOTES TO FINANCIAL STATEMENTS

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 AND 2022**

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.

{This space intentionally left blank}

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2023 and 2022.

	Balance as of 12/31/2022	Adjustments/ Additions	Adjustments/ Deletions	Balance as of 12/31/2023
Land	\$ 2,957,713.13			2,957,713.13
Buildings and Improvements	5,554,776.82			5,554,776.82
Furniture, Fixtures & Equip.	2,889,783.65	525,591.37		3,415,375.02
Vehicles	3,328,838.95			3,328,838.95
Total	14,731,112.55	525,591.37	-	15,256,703.92

	Balance as of 12/31/2021	Adjustments/ Additions	Adjustments/ Deletions	Balance as of 12/31/2022
Land	\$ 2,957,713.13			2,957,713.13
Buildings and Improvements	5,556,371.82		1,595.00	5,554,776.82
Furniture, Fixtures & Equip.	3,361,901.34	165,731.32	637,849.01	2,889,783.65
Vehicles	3,419,489.09	29,944.80	120,594.94	3,328,838.95
Total	15,295,475.38	195,676.12	760,038.95	14,731,112.55

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, 2023 AND 2022

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 June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)". This statement, which is effective for fiscal years beginning after June 15, 2023, may have an effect on the City's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for fiscal years beginning after December 15, 2023, will not have an effect on the City's financial statements.

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement, which is effective for fiscal years beginning after June 15, 2024, will not have an effect on the City's financial statements.

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 2023 and 2022 statutory budgets included a reserve for uncollected taxes in the amount of \$400,000.00 and \$400,000.00, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$1,000,000.00 and \$480,000.00, 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 2023 and 2022 calendar years:

{This space intentionally left blank}

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Legal Services - Other Expenses	\$ (30,000.00)	(80,251.00)
Fire - Other Expenses	-	20,000.00
Insurance-Employee Group Health	(35,000.00)	-
Fire - Other Expenses	-	20,000.00
Road Repairs & Maintenance - Salaries and Wages	-	15,250.00
Landfill Tipping Fees	24,000.00	

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 2023 calendar year, City Council approved budget insertions for Clean Communities in the amount of \$20,607.57, Local Recreational Improvement Grant in the amount of \$50,000.00, and Stormwater Assistance Grant in the amount of \$25,000. During the 2022 calendar year, City Council approved a budget insertion for Clean Communities in the amount of \$18,373.14.

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 2023 and 2022 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. No unexpended balances of appropriations were cancelled during the 2023 calendar year. The following significant cancellations were approved in the 2022 calendar year:

	2023	2022
Insurance		
Employee Group Health	\$ -	10,000.00
Workers Compensation	-	30,000.00
Engineering & Planning Services		
Other Expenses		
Professional Services	-	15,000.00

Note 3: INVESTMENTS

As of December 31, 2023, and 2022, the municipality had no investments, other than as noted below.

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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

Investments – Length of Service Award Program (LOSAP)

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, 2023 and 2022 amounted to \$183,254.21 and \$181,113.19, 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, 2023, and 2022, \$0 of the municipality’s bank balance of \$7,639,098.71 and \$6,480,663.00 was exposed to custodial credit risk.

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

	Balance 12/31/2022	Additions	Payments	Ending 12/31/2023	Due in One Year
General	\$ 9,260,503.40		1,513,776.15	7,746,727.25	903,776.15
School	390,000.00		195,000.00	195,000.00	195,000.00
Comp. Absences	580,361.57	284,845.72	276,884.67	588,322.62	-
Total	10,230,864.97	284,845.72	1,985,660.82	8,530,049.87	1,098,776.15

	Balance 12/31/2021	Additions	Payments	Ending 12/31/2022	Due in One Year
General	\$ 10,664,101.54		1,403,598.14	9,260,503.40	1,513,776.15
School	575,000.00		185,000.00	390,000.00	195,000.00
Comp. Absences	595,295.17	260,824.51	275,758.11	580,361.57	42,759.16
Total	11,834,396.71	260,824.51	1,864,356.25	10,230,864.97	1,751,535.31

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

As of December 31, 2022, 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, 2023, bonds and loans payable in the General Capital Fund consisted of the following individual issues:

\$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, 2023 was \$7,130,000.00.

\$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 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, 2023 was \$185,000.00.

\$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, 2023 was \$431,727.25.

At December 31, 2023 bonds payable for Type 1 Schools consisted of the following individual issues:

\$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, 2023 was \$195,000.00.

{This space intentionally left blank}

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Year Ending December 31,	Principal	Interest	Total
2024	1,098,776.15	242,074.00	1,340,850.15
2025	988,776.15	202,224.00	1,191,000.15
2026	1,028,776.15	164,824.00	1,193,600.15
2027	1,133,776.15	125,824.00	1,259,600.15
2028	1,178,776.15	83,074.00	1,261,850.15
2029-2031	2,512,846.50	77,358.00	2,590,204.50
Total	\$ 7,941,727.25	895,378.00	8,837,105.25

As of December 31, 2023, 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 2023 and 2022, the City's total amount to be raised by taxation included \$206,700.00 and \$202,250.00 respectively, for Local District School Tax.

<u>Summary of Municipal Debt</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
Bonds & Notes Issued:			
General	\$ 9,609,327.25	9,260,503.40	10,664,101.55
School	195,000.00	390,000.00	575,000.00
Net Bonds & Notes Issued	9,804,327.25	9,650,503.40	11,239,101.55
Bonds & Notes Authorized But Not Issued:			
General	1,194,296.00	1,893,146.00	1,275,646.00
School	-	-	-
Net Bonds & Notes Authorized But Not Issued	1,194,296.00	1,893,146.00	1,275,646.00
Net Bonds & Notes Issued and Authorized But Not Issued	\$ 10,998,623.25	11,543,649.40	12,514,747.55

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 1.006%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School Debt	\$ 1,955,000.00	1,955,000.00	-
Regional School District Debt	5,578,791.67	5,578,791.67	-
General Debt	10,803,623.20	-	10,803,623.20
	\$ 18,337,414.87	7,533,791.67	10,803,623.20

Net Debt \$10,803,623.20 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,073,491,513.33 = 1.006%. The above information is in agreement with the Annual Debt Statement filed by the City.

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	37,572,202.97
Net Debt		10,803,623.20
Remaining Borrowing Power	\$	26,768,579.77

Note 6: SHORT TERM OBLIGATIONS

		Balance 12/31/2022	Additions	Reductions	Balance 12/31/2023
General Obligations	\$	-	1,862,600.00	-	1,862,600.00
	\$	-	1,862,600.00	-	1,862,600.00

The bond anticipation note was issued by the City on July 13, 2023 and is held by BNY Mellon Capital Markets, LLC . Interest at a rate of 4.50% per annum is due upon maturity on July 12, 2024.

Note 7: LEASE OBLIGATIONS

Operating Leases

In December 2023, 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 December 4, 2028. The total monthly payment for the leases is \$393.00. The City has the option to purchase this equipment at the termination of the lease for the fair market value.

In January 2022, the City entered into an agreement to lease a copy machine for the Public Works Building under an operating lease. The term of the lease is 60 months and it will expire in December 2026. The total monthly payment for the lease is \$91.00. The City has the option to purchase the equipment at the termination of the lease for the fair market value.

The total operating lease payments in 2023 and 2022 were \$5,481.00 and \$45,890.00 respectively.

The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2023.

		<u>Operating</u>
Year		
2024		5,808.00
2025		5,808.00
2026		5,808.00
2027		4,716.00
2028		4,716.00
Total minimum lease payments	\$	26,856.00

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2023 and 2022 which were appropriated and included as anticipated revenue in the current operating budget for the year ending December 31, 2024 and 2023 were as follows:

		<u>2024</u>	<u>2023</u>
Current Fund	\$	1,040,000.00	1,000,000.00

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 2024 budget is \$1,680,468.39.

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:

	2023	2022
Local School District	\$ 13,448,318.00	13,189,016.00
Regional High School District	6,861,173.00	6,708,319.00

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 12/31/2023	Balance 12/31/2022
Prepaid Taxes	\$ 389,001.73	402,496.47
Cash Liability for Taxes Collected in Advance	\$ 389,001.73	402,496.47

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>.

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

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

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 21.28% of covered payroll. The City's contributions to PERS for the years ended December 31, 2023, 2022, and 2021 were \$222,341.00, \$213,206.00, and \$191,835.00.

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 41.69% of covered payroll. The City's contributions to PFRS for the years ended December 31, 2023, 2022, and 2021 were \$754,622.00, \$633,112.00, and \$599,000.00.

The total payroll for the years ended December 31, 2023, 2022, and 2021 was \$3,946,990.33, \$3,765,364.15, and \$3,622,869.86. Payroll covered by PERS was \$1,044,735.00, \$1,026,804.00, and \$1,102,541.00, respectively. Payroll covered by PFRS was \$1,810,159.00, \$1,673,580.00, and \$1,840,904.00, 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.

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.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

- 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 1/60th from 1/55th, 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 1/7th 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 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, 2022:

Public Employees' Retirement System

The City has a liability of \$2,214,614 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion would be 0.01467469890%, which would be a decrease of 2.60% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City would have recognized pension expense of \$(373,603). At December 31, 2022, the City 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	\$ 15,984	\$ (14,096)
Changes of assumptions	6,862	(331,615)
Changes in proportion	106,564	(349,422)
Net difference between projected and actual earnings on pension plan investments	91,661	
 Total	\$ 221,071	\$ (695,133)

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,	
2023	\$ (433,318)
2024	(159,589)
2025	(11,213)
2026	131,077
2027	(1,019)
 Total	 \$ (474,062)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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-2021.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 2,655,776	\$ 2,214,614	\$ 1,839,584

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The City 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2021 that was rolled forward to June 30, 2022. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the City's proportion would be 0.05355759000%, which would be an increase of 8.45% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the City would have recognized pension expense of \$165,863. At December 31, 2022, the City 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	\$ 277,478	\$ (375,570)
Changes of assumptions	16,801	(771,695)
Changes in proportion	769,100	(35,093)
Net difference between projected and actual earnings on pension plan investments	561,364	
Total	\$ 1,624,743	\$ (1,182,358)

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:

{This space intentionally left blank}

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Year ended June 30,		
2023	\$	465,132
2024		297,248
2025		283,162
2026		(591,481)
2027		(5,700)
Thereafter		(5,976)
Total	\$	<u>442,385</u>

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation of July 1, 2020, which was rolled forward to June 30, 2022. 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% - 16.25% (based on years of service)
Investment rate of return:	7.00%

Employee 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. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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, 2022 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the City'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, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
City's proportionate share of the net pension liability	8,875,090.97	6,280,455.00	4,120,661.30

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, 2022 State special funding situation net pension liability amount of \$2,037,115,833.00 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, 2022 State special funding situation pension expense of \$125,876.00 is the

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. 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 2022, the State contributed an amount more 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 0.05355759000% for 2022. The net pension liability amount allocated to the City was \$1,091,030.00. For the fiscal year ending June 30, 2022 State special funding situation pension expense of \$125,876.00 is allocated to the City.

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) Annual Comprehensive Financial Report (ACFR), which can be found at:

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

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

1) retired on a disability pension;

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

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

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

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 Municipality 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, 2022 were \$3,361,552,823 and \$3,872,142,278, 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, 2021 through June 30, 2022. 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 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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, 2022 is as follows:

	June 30, 2022	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 16,090,925,144	\$ 11,323,820
Plan Fiduciary Net Position	(58,670,334)	(37,547)
Net OPEB Liability	\$ 16,149,595,478	\$ 11,361,367
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	-0.33%

At June 30, 20223 the City's proportionate share of the Collective Net OPEB Liability was \$11,361,367. The State's proportionate share for the Special Funding Situation that is associated with the City is \$924,486. The City's proportion of the Collective Net OPEB Liability was 0.063997% which was a decrease from the prior year of 4.04%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.030414% which was an increase from the prior year of 27.03%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 10,335,257
State's proportionate share that is associated with the City	1,026,110
Total	\$ 11,361,367

For the Year ended June 30, 2021 the City's Total OPEB Expense was \$(14,819) and the State of New Jersey realized Total OPEB Expense in the amount of \$(168,304) for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. 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:

{This space intentionally left blank}

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Investment Rate of Return
Including Inflation rate 3.54%

Salary increases*:

PERS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	6.55
	5	5.75
	10	4.75
	15	3.75
	20	3.15
	25	2.85
	>=29	2.75

PFRS	<u>Completed Years of Service</u>	<u>Annual Rate of Increase (%)</u>
	0	16.25
	5	11.00
	10	6.00
	15	4.00
	>=17	3.25

Mortality:

Pre-Retirement Healthy Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

Post-Retirement Healthy Mortality

Chapter 330 Retirees: PUB-2010 "Safety" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Other Retirees: PUB-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Disable Retiree Mortality:

PERS Future Disabled Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

PFRS Future Disabled Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Chapter 330 Current Retirees: PUB-2010 "Safety" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Other Current Retirees: PUB-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Actuarial assumptions used in the July 1, 2021 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021 and July 1, 2018 to June 30, 2021, respectively.

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. The discount rate will change each year based on the Bond Buyer Go 20-Bond Municipal Bond Index each year.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability as of June 30, 2022, 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:

		1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Collective				
Net OPEB Liability	\$	18,720,632,230	16,149,595,478	14,080,955,857
Proportionate Share				
Net OPEB Liability	\$	13,170,112	11,361,367	9,906,063

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

The following presents the net OPEB liability as of June 30, 2022, 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	\$	13,700,188,049	16,149,595,478	19,286,596,671
Proportionate Share				
Net OPEB Liability	\$	9,638,190	11,361,367	13,568,272

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

At June 30, 2022, 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	\$ 833,982,363	(2,993,448,535)	533,724	(1,915,717)
Changes of assumptions	2,155,230,462	(5,511,545,572)	1,379,283	(3,527,224)
Net difference between projected and actual earnings on OPEB plan investments	4,251,491		2,721	
Changes in proportion and differences between contributions and proportionate share of contributions			2,985,282	(2,125,928)
Total	\$ 2,993,464,316	(8,504,994,107)	4,901,010	(7,568,869)

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:

Year Ended June 30,	Collective Totals	Proportionate Share
2023	\$ (1,463,380,541.00)	(708,350.15)
2024	(1,464,672,406.00)	(708,975.48)
2025	(1,156,630,075.00)	(559,867.42)
2026	(516,557,746.00)	(250,040.06)
2027	(115,810,526.00)	(56,058.15)
Thereafter	(794,478,497.00)	(384,567.75)
Total	\$ (5,511,529,791.00)	(2,667,859.00)

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, 2022 are as follows:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Service cost	\$ 796,654,029
Interest on Total OPEB Liability	401,372,615
Expected Investment Return	86,955
Administrative Expenses	12,334,441
Changes of Benefit Terms	402,474,416
Current Period Recognition (Amortization) of Deferred Inflow s/ Outflow s of Resources:	
Differences between Expected and Actual Experience	(630,413,303)
Changes in Assumptions	(835,585,441)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,032,008
Total Collective OPEB Expense	\$ 150,955,720

Schedule of City's Share of Net OPEB Liability

	2022	2021	2020	2019	2018
City's Proportionate Share of Net OPEB Liability	\$ 0.063997%	0.066320%	0.049904%	0.056004%	0.048287%
City's Share of Net OPEB Liability	11,361,367.00	11,937,455.00	9,038,351.00	6,773,933.00	6,540,991.00
City's Covered Payroll	1,026,804.00	1,102,553.00	1,074,188.00	1,112,988.00	1,024,458.00
City's Proportionate Share of the Net OPEB Liability as a percentage of its Covered-Employee Payroll	1106.48%	1082.71%	841.41%	608.63%	638.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	-0.36%	0.28%	0.97%	1.97%	1.98%

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 \$353,023.83 and \$293,632.92 for these services during the 2023 and 2022 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 \$588,322.62 in 2023 and \$580,361.57 in 2022. 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

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 and 2022 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.

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, 2023 and 2022 was \$12,366.43 and \$11,690.64 respectively.

Note 19: LENGTH OF SERVICE AWARDS PROGRAM

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 \$2,300.00 and \$2,300.00 for 2023 and 2022 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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

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 2023 and 2022 calendar years, the tax abatement program generated \$0 in revenue for the City.

Note 21: UNION CONTRACTS

As of December 31, 2023, 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	1/1/22-12/31/27
PBA	Police	Superior Officers	1/1/22-12/31/27
IAFF	Firefighters	All uniformed firefighters	1/1/20-12/31/24
Teamsters	Public Works	All public works employees excluding Superintendent, and police secretary	1/1/23-12/31/28

Note 22: INTERFUND BALANCES

As of December 31, 2023, the following interfunds were included on the balance sheets of the various funds of the City of Linwood:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Animal Control Fund	\$ 26.25	
Grant Fund	207,625.71	
Payroll Trust		1,806.62
Grant Fund:		
Current Fund		207,625.71
Trust Fund:		
Current Fund -		
Payroll Trust	1,806.62	
Animal Control Fund		26.25
	<u>\$ 209,458.58</u>	<u>209,458.58</u>

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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.

Note 24: SUBSEQUENT EVENTS

Other

The City has evaluated subsequent events through March 29, 2024, the date which the financial statements were available to be issued and no additional items were noted for disclosure or adjustment.

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

SUPPLEMENTARY INFORMATION

{THIS PAGE IS INTENTIONALLY LEFT BLANK}



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

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

To the Honorable Mayor and
Members of the City Council
City of Linwood
County of Atlantic, 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 financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Linwood, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2024, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Linwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of 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.

Report on 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 financial statement. 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.

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

March 29, 2024

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 2022.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund	Grant Fund
Balance December 31, 2022	\$	3,210,325.78	81,292.29
Increased by Receipts:			
Taxes Receivable		34,624,514.16	
Tax Title Liens Receivable		-	
Prepaid Taxes		389,001.73	
Sewer Rents Receivable		1,006,644.95	
Prepaid Sewer		395,853.25	
Revenue Accounts Receivable		1,259,970.16	
Appropriation Refunds		695,995.78	
State of New Jersey -			
Senior Citizens and Veterans		43,750.00	
Marriage License Fees		675.00	
DCA Construction Fees		17,543.00	
Municipal Relief Fund Act		59,622.36	
Due from Animal Control Fund		12,297.86	
Miscellaneous Revenue		44,116.88	
Petty Cash		100.00	
Reserve for Payment of Debt Service		260,146.73	
Due from Current Fund			932.77
Grant - Unappropriated Reserves			144,730.20
Grant Receivables			434,546.24
		38,810,231.86	580,209.21
		42,020,557.64	661,501.50
Decreased by Disbursements:			
Current Year Appropriation		13,288,743.73	
Prior Year Appropriations		221,086.67	
County Taxes		4,922,015.40	
County Added Taxes		20,569.77	
Local Library-County Added Taxes		-	
Local District School Taxes		13,448,318.00	
Regional School Taxes		6,861,173.00	
State of New Jersey -			
Marriage License Fees		800.00	
DCA Construction Fees		17,822.00	
Petty Cash		100.00	
Refund of Tax Overpayments		-	
Refund of Prior Year Revenue			
Federal and State Disbursements			126,513.57
		38,780,628.57	126,513.57
Balance December 31, 2023	\$	3,239,929.07	534,987.93

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

Year	Balance Dec. 31, 2022	Current Year Levy	Collections by Cash		Adjusted	Transferred To Tax Title Lier	Arrears	Balance Dec. 31, 2023
			2022	2023				
Arrears \$	-							-
2022	248,343.93	1,250.00		230,299.70	19,294.23			(0.00)
	<u>248,343.93</u>	<u>1,250.00</u>	<u>-</u>	<u>230,299.70</u>	<u>19,294.23</u>	<u>-</u>	<u>-</u>	<u>(0.00)</u>
2023	-	34,917,980.29	402,496.47	34,451,989.05	74,395.85	8,363.42		263,149.42
\$	<u>248,343.93</u>	<u>34,917,980.29</u>	<u>402,496.47</u>	<u>34,682,288.75</u>	<u>93,690.08</u>	<u>8,363.42</u>	<u>-</u>	<u>263,149.42</u>
		Cash Receipts		34,624,514.16				
		Overpayments Created		13,081.96				
		Senior Citizens and Veterans		44,692.63				
				<u>34,682,288.75</u>				
		Analysis of Current Year Tax Levy						
		Tax Yield:						
		General Property Tax		34,917,980.29				
		Added Taxes (54.4-63.1 et. Seq.)		<u>282,413.92</u>			<u>35,200,394.21</u>	
		Tax Levy:						
		General County Taxes		4,652,139.58				
		County Open Space Taxes		53,350.57				
		County Health Taxes		216,525.25				
		County Added and Omitted Taxes		<u>39,513.73</u>				
		Total County Taxes			4,961,529.13			
		Local School District Tax			13,448,318.00			
		Regional School District Tax			6,861,173.00			
		Additional Local School District Tax			206,700.00			
		Minimum Library Tax			352,158.00			
		Local Tax for Municipal Purposes		9,123,845.00				
		Add: Additional Tax Levied		<u>246,671.08</u>			<u>9,370,516.08</u>	
							<u>35,200,394.21</u>	

**CURRENT FUND
SCHEDULE OF RENTS**

Balance December 31, 2022		\$ 21,538.00
Increased by:		
Sewer Charges Levied in 2023	1,328,884.00	
Penalty	12,630.00	
Overpayments Created	<u>1,186.99</u>	
		<u>1,342,700.99</u>
		1,364,238.99
Decreased by:		
Prepaid in 2022	332,226.73	
Cash	1,006,644.95	
Overpayments Applied	<u>695.00</u>	
	<u>1,339,566.68</u>	
Miscellaneous	<u>1,006.81</u>	
		<u>1,340,573.49</u>
Balance December 31, 2023		\$ <u><u>23,665.50</u></u>

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

Balance December 31, 2022		\$ 74,009.72
Increased by:		
Transfers from:		
Taxes Receivable	8,363.42	
Interest and Costs Accrued by Sale of October 4, 2023	-	
		8,363.42
Decreased by:		
Collection	-	-
Balance December 31, 2023		\$ 82,373.14

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2022	Accrued in 2023	Collected by		Balance Dec. 31, 2023
			Collector	Treasurer	
Licenses:					
Other	\$	51,521.89		51,521.89	
Fines and Costs:					
Municipal Court	1,561.03	36,588.47		36,365.02	1,784.48
Interest and Costs on Taxes		80,095.76	80,095.76		
Interest Earned on Investments		52,942.71		52,942.71	
Lease of Municipal Owned Property		-			
Parking Permits		9,065.00		9,065.00	
Planning and Zoning Permits		13,050.00		13,050.00	
Energy Receipts Tax		575,559.16		575,559.16	
Uniform Construction Code Fees		352,093.00		352,093.00	
Uniform Fire Safety Fees		26,581.98		26,581.98	
Bell Atlantic Nynex Tower		62,695.64		62,695.64	
	<u>\$ 1,561.03</u>	<u>1,260,193.61</u>	<u>80,095.76</u>	<u>1,179,874.40</u>	<u>1,784.48</u>

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

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT:					
General Administration	\$ 2,435.00	2,435.00		2,435.00	
Other Expenses					
Mayor and Council	617.17	617.17		617.17	
Salaries and Wages					
Municipal Clerk					
Salaries and Wages	1,303.37	1,303.37		1,303.37	
Other Expenses	6,781.91	6,781.91	4,471.89	2,310.02	
Financial Administration					
Salaries and Wages	3.40	3.40		3.40	
Other Expenses	6,577.94	6,577.94	621.50	5,956.44	
Collection of Taxes					
Salaries and Wages	1,690.18	1,690.18		1,690.18	
Other Expenses	744.61	744.61		744.61	
Assessment of Taxes					
Salaries and Wages	0.96	0.96		0.96	
Other Expenses	13,420.63	13,420.63	3,059.60	10,361.03	
Paying Agent Fees	5.00	5.00		5.00	
Legal Services					
Other Expenses	2,867.13	2,867.13		2,867.13	
Engineering & Planning Services					
Other Expenses					
Professional Services	7,618.00	7,618.00	2,687.00	4,931.00	
Public Buildings and Grounds					
Other Expenses	47,558.84	47,558.84	25,236.57	22,322.27	
Shade Tree					
Other Expenses	305.00	305.00		305.00	
INSURANCE					
General Liability	7,850.43	7,850.43		7,850.43	
Worker's Compensation	3,348.00	3,348.00		3,348.00	
Employee Group Health	24,709.07	24,709.07	5,648.75	19,060.32	
Employee Group Health Waiver	5.00	5.00		5.00	

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

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
LAND USE ADMINISTRATION:					
Planning Board					
Salaries and Wages	0.11	0.11		0.11	
Other Expenses	5,199.65	5,199.65	1,952.00	3,247.65	
PUBLIC SAFETY:					
Uniform Fire Safety Act					
Salaries and Wages	225.00	225.00		225.00	
Other Expenses	4,535.15	4,535.15		4,535.15	
Fire					
Salaries and Wages	6,434.43	6,434.43		6,434.43	
Other Expenses					
Misc. Other Expenses	66,589.53	66,589.53	63,859.56	2,729.97	
Aid to Volunteer Fire Company					
Operation and Maintenance	28,850.00	28,850.00	4,000.00	24,850.00	
Police					
Salaries and Wages	1,006.39	1,006.39		1,006.39	
Other Expenses	47,703.60	47,703.60	46,337.83	1,365.77	
Emergency Management Services					
Salaries and Wages	0.96	0.96		0.96	
Other Expenses	10,758.20	10,758.20	10,093.65	664.55	
SANITATION:					
Road Repair and Maintenance					
Salaries and Wages	12,174.36	12,174.36		12,174.36	
Other Expenses	56,801.43	56,801.43	37,354.60	19,446.83	
Sewer System					
Other Expenses					
Finance and Administration	156.10	156.10		156.10	
Operations and Maintenance	4,853.12	4,853.12		4,853.12	
Miscellaneous Other Expenses	4,564.52	4,564.52		4,564.52	
Landfill - Tipping Fees	49,618.21	49,618.21		49,618.21	
Municipal Services Act	8,985.03	8,985.03		8,985.03	
HEALTH AND WELFARE:					
Dog Warden					
Contractual	800.00	800.00	800.00	-	
Senior Citizen Services					
Other Expenses	2,168.83	2,168.83		2,168.83	

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

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
RECREATION AND EDUCATION:					
Parks and Playgrounds					
Salaries and Wages	302.30	302.30		302.30	
Other Expenses	23,713.96	23,713.96	4,525.00	19,188.96	
Historian					
Other Expenses	500.00	500.00		500.00	
STATE UNIFORM CONSTRUCTION CODE					
Construction Official					
Salaries and Wages	5,612.81	5,612.81		5,612.81	
Other Expenses	6,792.12	6,792.12	574.98	6,217.14	
UNCLASSIFIED:					
Utilities					
Gasoline	8,830.48	8,830.48	8,633.31	197.17	
Electricity	3,527.27	3,527.27	124.00	3,403.27	
Telephone	2,138.23	2,138.23		2,138.23	
Natural Gas	7,974.69	7,974.69	341.96	7,632.73	
Street Lighting	-	-		-	
Fire Hydrant Services	143.04	143.04		143.04	
Water and Sewer	1,863.68	1,863.68	449.47	1,414.21	
Public Access Channel 2	1,500.00	1,500.00		1,500.00	
Accumulated Leave					
Salaries and Wages	5.00	5.00		5.00	
Contingent	500.00	500.00		500.00	
Statutory Expenditures:					
Contributions to:					
Social Security System (O.A.S.I)	4,296.01	4,296.01		4,296.01	
Unemployment Compensation Insurance	3,309.36	3,309.36		3,309.36	
Defined Contribution Retirement Program	5,736.10	5,736.10		5,736.10	

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

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS EXCLUDED FROM "CAPS"					
GENERAL GOVERNMENT:					
NJPDES Stormwater Permit NJSA 40A:4-45.3(cc) Streets and Roads OE	2,894.63	2,894.63		2,894.63	
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	315.00	185.00	
Interlocal Municipal Service Agreements: Sewer System Services	0.44	0.44		0.44	
Court Shared Services	261.34	261.34		261.34	
	<u>\$ 520,167.72</u>	<u>520,167.72</u>	<u>221,086.67</u>	<u>299,081.05</u>	<u>-</u>

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

Balance December 31, 2022	\$	-
Increased by:		
Levy - Calendar Year 2023		<u>13,448,318.00</u>
		13,448,318.00
Decreased by:		
Payments		<u>13,448,318.00</u>
Balance December 31, 2023	\$	<u><u>-</u></u>

**CURRENT FUND
SCHEDULE OF REGIONAL SCHOOL TAX**

Balance December 31, 2022	\$	-
Increased by:		
Levy - Calendar Year 2023		6,861,173.00
		6,861,173.00
Decreased by:		
Payments		6,861,173.00
Balance December 31, 2023	\$	-

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

<u>Purpose</u>	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Cancel	Balance Dec. 31, 2023
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		27,161.00		17,839.00
Community Development Block Grant - 2023 Door at Library and ADA Ramps	45,000.00	45,000.00			45,000.00
Amrican Rescue Plan Firefighters Grant	29,000.00	29,000.00	16,589.00		12,411.00
Total Federal	131,314.00	74,000.00	43,750.00	-	161,564.00
STATE GRANTS:					
New Jersey Transportation Trust Fund					
Franklin Blvd Resurfacing-Phase I	79,575.00		79,575.00		-
Franklin Blvd Resurfacing-Phase II		287,800.00	204,750.00		83,050.00
Bike Path Extension	230,000.00				230,000.00
Local Recreational Improvement Grant 2022	55,000.00		55,000.00		-
2023		50,000.00			50,000.00
Garden State Historic Preservation Trust	2,272.97				2,272.97
Clean Communities Program	-	20,607.57	20,607.57		-
Recycling Tonnage Grant	-	9,155.88	9,155.88		-
NJ Department of Environmental Protection Stormwater Assistance	-	25,000.00	15,000.00		10,000.00
Body Armor	-	1,413.19	1,413.19		-
Total State	366,847.97	393,976.64	385,501.64	-	375,322.97

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

<u>Purpose</u>	<u>Balance Dec. 31, 2022</u>	<u>Transferred From 2023 Revenues</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2023</u>
LOCAL GRANTS:					
Atlantic County Drug Alliance	33,558.94	2,798.32	3,583.41		32,773.85
DMHAS Youth Leadership		3,124.38	3,124.38		-
Total Local	<u>33,558.94</u>	<u>5,922.70</u>	<u>6,707.79</u>	<u>-</u>	<u>32,773.85</u>
	<u>\$ 531,720.91</u>	<u>473,899.34</u>	<u>435,959.43</u>	<u>-</u>	<u>569,660.82</u>
		Cash	434,546.24		
		Unappropriated Reserves	1,413.19		
			<u>435,959.43</u>		

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

	Balance December 31, 2022	2023		Disbursed	Encumbrances	Adjustment/ Canceled	Balance Dec. 31, 2023
	Appropriated	Encumbrances	Appropriations				
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			17,765.45			-
Community Development Block Grant-2023							
Door at Library and ADA Ramps			45,000.00	42,584.55	2,415.45		(0.00)
American Rescue Plan Firefighters Grant			29,000.00	28,747.00			253.00
Total Federal	59,708.45	1,555.25	74,000.00	89,097.00	3,970.70	-	42,196.00
STATE GRANTS:							
New Jersey Transportation Trust Fund							
Reconstruction of Bartlett, Marie, Richards and VanSant Avenues	8,000.00						8,000.00
Reconstruction of Wabash Avenue	274.00						274.00
Resurfacing of Wabash Ave-Phase II	5.00						5.00
Resurfacing of Franklin Blvd. - Phase I	0.00	10,751.83		10,751.83			0.00
Resurfacing of Franklin Blvd. - Phase II			287,800.00				-
Bike Path Extension	205,000.00	25,000.00					205,000.00
Local Recreational Improvement Grant	-		50,000.00				50,000.00
Clean Communities Program	3,661.86	9,151.23	20,607.57	14,591.61	7,911.89		10,917.16
Recycling Tonnage Grant	8,412.25	2,675.72	9,155.88	2,675.72	9,155.88		8,412.25
NJ Department of Environmental Protection							
Stormwater Assistance			25,000.00		25,000.00		-
Body Armor	1,049.12		1,413.19	1,139.56			1,322.75
Drunk Driving Enforcement 2016	0.00						0.00
Drunk Driving Enforcement 2012	103.51						103.51
Drunk Driving Enforcement 2021							
Total State	226,505.74	47,578.78	393,976.64	29,158.72	354,867.77	-	284,034.67
LOCAL GRANTS:							
Atlantic County Drug Alliance-County	24,751.39		2,798.32	3,630.06			23,919.65
Atlantic County Drug Alliance-Local	12,848.96		932.77	853.41			12,928.32
DMHAS Youth Leadership			3,124.38	3,124.38			-
Clara Glen Pet Cemetery Grant	28,526.02			650.00	1,750.00		26,126.02
Frank H. Stewart Trust - Seaview Open Space	2,499.71						2,499.71
Total Local	68,626.08	-	6,855.47	8,257.85	1,750.00	-	65,473.70
\$	354,840.27	49,134.03	474,832.11	126,513.57	360,588.47	-	391,704.37

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

<u>Purpose</u>	<u>Balance Dec. 31, 2022</u>	<u>Transferred To 2023 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2023</u>
FEDERAL GRANTS:					
None	\$ -				-
Total Federal	-	-		-	-
STATE GRANTS:					
Drunk Driving Enforcement (2019 program)			1,600.00		1,600.00
DWI Funds (2016 program)	1,413.19	1,413.19	1,542.40		1,542.40
Body Armor Grant			1,587.80		1,587.80
Total State	<u>1,413.19</u>	<u>1,413.19</u>	<u>4,730.20</u>	-	<u>4,730.20</u>
LOCAL GRANTS					
Frank H. Stewart Grant	-		140,000.00		140,000.00
Total Local	-	-	<u>140,000.00</u>	-	<u>140,000.00</u>
	<u>\$ 1,413.19</u>	<u>1,413.19</u>	<u>144,730.20</u>	-	<u>144,730.20</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2022	\$ 27,271.69	804,165.02
Increased By:		
Dog License Fees	1,169.60	
Cat License Fees	72.00	
Dog License Fees - State Share	275.40	
Bike Path Beautification		3,326.80
Law Enforcement Trust		0.20
Tax Premiums and Redemptions		298,202.56
Municipal Drug Alliance		3,400.35
NJ Water Street Openings		19,086.45
Street Openings		9,532.78
Uniform Fire Safety Fees		0.42
Traffic Control		0.73
Trust Other		596.97
SPZ Trust		22,810.91
Developer's Escrow		89,040.66
Individual Developer's Escrow		26,305.81
Recreation Trust		28,179.43
Payroll Deposits		3,952,470.48
Payroll Withholdings		1,705,678.50
Police K-9 Donations		3,168.53
Accumulated Absences		10.56
	<u>1,517.00</u>	<u>6,161,812.14</u>
	28,788.69	6,965,977.16
Decreased By:		
Due to State of New Jersey	273.60	
Animal Control Expenditures	1,658.49	
Due to Current Fund	12,297.86	
Bike Path Beautification		5,803.74
Law Enforcement Trust		-
Tax Premiums and Redemptions		426,198.07
Municipal Drug Alliance		3,796.16
NJ Water Street Openings		2,280.00
Street Openings		1,185.00
Trust Other		141.00
SPZ Trust		15,024.91
Developer's Escrow		129,818.88
Individual Developer's Escrow		6,630.00
Recreation Trust		7,965.00
Accumulated Absences		2,695.06
Parking Offenses Adjudication Act		
Police K-9 Donations		2,261.06
Payroll Deposits		3,952,470.48
Payroll Withholdings		1,736,651.11
	<u>14,229.95</u>	<u>6,292,920.47</u>
Balance December 31, 2023	\$ <u><u>14,558.74</u></u>	<u><u>673,056.69</u></u>

See Accompanying Auditor's Report

**TRUST FUND
 SCHEDULE OF CASH - TREASURER**

	Other
<u>Analysis of Balance @ Dec. 31, 2023</u>	
Payroll Agency	1,150.04
Payroll Trust	0.01
Other Miscellaneous Trusts:	
Accumulated Absenses	32,726.40
Bike Path Beautification	5,849.81
Law Enforcement	628.02
Municipal Drug Alliance	454.50
NJ American Water Street Openings	28,695.99
Other Trust Disbursement Account	166.98
Recreation Trust	1,909.58
Police K-9 Donations	22,212.55
Public Defender	50.01
Recycling	2,794.19
SPZ Trust Fund	52,140.28
Street Openings	58,135.88
Tax Title Lien Redemption	386,888.33
Traffic Control	2,441.01
Uniform Fire Safety	1,404.57
Developer's Trusts:	
Development Fees	44,171.53
Developer's Escrow Disbursement Account	713.84
Cornerstone Commerce Center, LLC	14.12
Peter P. Pindale II	5,330.69
South Jersey Gas Escrow	24,354.98
URS Corporation	823.38
	673,056.69
	673,056.69

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

Balance December 31, 2022	\$	3,047.14
Increased by:		
Dog License Fees Collected		<u>1,169.60</u>
		4,216.74
Decreased by:		
Expenditures Under N.J.S.A. 4:19-15.11	1,658.49	
Prior Year Expense to Reserve for Cat Expenditures	(154.00)	
Statutory Excess Due Current Fund	<u>26.25</u>	
		<u>1,530.74</u>
Balance December 31, 2023	\$	<u><u>2,686.00</u></u>

License Fees Collected	<u>Year</u>	<u>Amount</u>
	;2022	1,312.40
	2021	<u>1,373.60</u>
	\$	<u><u>2,686.00</u></u>

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

Balance December 31, 2022	\$	12,297.86
Increased by		
Statutory Excess in Reserve for Dog Fund Expenditures	<u>26.25</u>	<u>26.25</u>
		12,324.11
Decreased by:		
Paid to Current Fund	<u>12,297.86</u>	<u>12,297.86</u>
Balance December 31, 2023	\$	<u><u>26.25</u></u>

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

Balance December 31, 2022	\$	-
Increased by:		
2023 State License Fee		172.00
2023 Pilot Clinic Fee		34.40
2023 Animal Population Control Fee		69.00
		275.40
		275.40
Decreased By:		
Payments		273.60
		273.60
Balance December 31, 2023	\$	1.80

TRUST FUND
SCHEDULE OF RESERVE FOR CAT REGISTRATIONS

Balance December 31, 2022	\$	11,926.69
Increased by:		
Cat License Fees Collected		<u>72.00</u>
Decreased by:		
Disbursements - transfer prior year expenditures from Reserve for Dog Expenditures		<u>154.00</u>
Balance December 31, 2023	\$	<u><u>11,844.69</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX TITLE LIEN REDEMPTIONS

Balance December 31, 2022	\$	514,883.84
Increased by:		
Premium Received at Tax Sale	61,600.00	
Tax Title Lien Redemptions Deposited	232,861.19	
Interest Earned	<u>3,741.37</u>	
		<u>298,202.56</u>
		813,086.40
Decreased by Disbursements:		
Refund Upon Redemption	233,598.07	
Premiums Returned	192,600.00	
Interest Paid to Current Fund	<u>-</u>	
		<u>426,198.07</u>
Balance December 31, 2023	\$	<u><u>386,888.33</u></u>

TRUST FUND
SCHEDULE OF MISCELLANEOUS TRUST FUND RESERVES

	Balance Dec. 31, 2022	Receipts	Disbursements	Balance Dec. 31, 2023
Reserves for:				
Other Miscellaneous Trusts:				
Public Defender	\$ 50.01			50.01
SPZ Trust	44,354.28	22,810.91	15,024.91	52,140.28
Other Trust Disbursement Account	163.76	43,192.10	43,188.88	166.98
Bike Path Maint	8,326.75	3,326.80	5,803.74	5,849.81
NJ Water Street Openings	11,889.54	19,086.45	2,280.00	28,695.99
Street Openings	49,788.10	9,532.78	1,185.00	58,135.88
Recycling	2,338.22	596.97	141.00	2,794.19
Drug Alliance	850.31	3,400.35	3,796.16	454.50
Law Enforcement	627.82	0.20		628.02
Accumulated Absences	35,410.90	10.56	2,695.06	32,726.40
Uniform Fire Safety Fees	1,404.15	0.42		1,404.57
Traffic Control	2,440.28	0.73		2,441.01
Police K-9 Donations	1,002.11	3,168.53	2,261.06	1,909.58
Recreation Trust	1,998.12	28,179.43	7,965.00	22,212.55
Developer's Escrow Trusts:				
Developer's Disbursement Account	706.65	6,637.19	6,630.00	713.84
Development Fees Account	84,960.16	39,211.37	80,000.00	44,171.53
Cornerstone Commerce Center, LLC	14.12			14.12
Peter P. Pindale III	5,328.04	2.65		5,330.69
South Jersey Gas Escrow	4,681.82	26,303.16	6,630.00	24,354.98
URS Corporation	823.38			823.38
	<u>\$ 257,158.52</u>	<u>205,460.60</u>	<u>177,600.81</u>	<u>285,018.31</u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance	
	Dec. 31, 2022		Budget Appropriation	Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	Dec. 31, 2023
Fund Balance	\$ 1,290.76			8,776.76						10,067.52
Capital Improvement Fund	117,755.00	61,250.00						61,250.00		117,755.00
Encumbrances Payable	588,896.61							588,896.61	1,145,164.20	1,145,164.20
Reserve for payments of Bonds and Notes	260,146.73						260,146.73			(0.00)
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	(222.43)									(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	(1,095.02)	3,000.00								1,904.98
10-11 Various General Improvements	(1.00)					494.73			494.73	(1.00)
13-12 Various General Improvements	(3.00)					304.00			304.00	(3.00)
12-14 Demolition of Poplar Avenue School	-					1,595.00		11,251.15	11,251.15	-
14-14 Various General Improvements	1,595.00									-
6-15 Various General Improvements	1,387.82									1,387.82
7-16 Various General Improvements	22,115.22							26,191.75	37,113.75	22,115.22
4-18 Various General Improvements	31,861.74							19.00	143.11	4,318.80
9-18 Various Roadway Improvements	(0.00)									124.11
9-19 Various General Improvements	0.00									0.00
3-20 Various General Improvements	1,266,534.16		7,100.00					64,605.75	322,943.04	1,054,698.61
10-21 Various General Improvements	(216.38)		71,250.00							56,658.96
6-22 Various General Improvements	(292,500.00)		617,500.00					14,000.00	216,646.83	339,880.33
5-23 Various General Improvements			1,163,750.00					1,029,096.55	61,250.00	133,513.45
	\$ 2,208,077.19	61,250.00	8,776.76		1,862,600.00	782,662.67	260,146.73	1,795,310.81	1,795,310.81	3,097,894.55

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

Balance December 31, 2022	\$	117,755.00
Increased by:		
2023 Budget Appropriation		61,250.00
		179,005.00
Decreased by:		
Improvement Authorization Funding		61,250.00
Balance December 31, 2023	\$	117,755.00

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

Balance December 31, 2022		\$ 9,650,503.40
Decreased by:		
2022 Budget Appropriation to Pay Bonds:		
Municipal Bonds	1,435,000.00	
NJFIT Bonds & Loans	78,776.15	
School Bonds	<u>195,000.00</u>	
		<u>1,708,776.15</u>
Balance December 31, 2023		<u><u>\$ 7,941,727.25</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2022		Other Funding	Deferred Charges to Future Taxation		Revenue Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Canceled	Balance December 31, 2023	
				Funded	Unfunded		Unfunded	Funded					Funded	Unfunded
14-07	Various Improvements c. Office Equipment and Computers h. Improvements to Bldg & Grounds g. Improvements to Roads	5/9/2007	1,478,028.00	\$ 1,163.00									1,163.00	
				0.13									0.13	
				4.27									4.27	
14-08	a Improvements to Bldg and Grounds d Purchase of Various Vehicles e Improvements to Roadways	8/13/2008	910,634.00	1,178.00									1,178.00	
				80.22									80.22	
11-09	Various General Improvements (a) Improvements to Roads & Drainage (b) Purchase of Trash Truck	3/24/2009	546,000.00	0.19									0.19	
				0.38									0.38	
8-10	Clean Water Project - NEF	3/24/2010	2,010,000.00	676,760.19									676,760.19	
9-10	Purchase of Police Vehicle	7/14/2010	30,000.00	413.00									413.00	
10-10	Various General Improvements (c) Sewer System Improvements	6/9/2010	48,143.00	1,904.98									1,904.98	
10-11	(b) Purchase of public safety equipment		39,666.00	-				494.73					-	
15-11	Refunding Bond Issue	10/12/2011	940,000.00		700,000.00									700,000.00
13-12	Various General Improvements (d) Improvements to recreation field	7/11/2012	47,500.00					304.00						
12-2014	Demolition of Poplar Avenue School and Related Improvements	6/25/2014	638,000.00					11,251.15		11,251.15				
14-2014	Various General Improvements (b) Improvements to sanitary sewer system	7/9/2014	125,000.00	1,595.00					1,595.00					
6-2015	Various General Improvements (d) Historical Roof Replacement (e) Purchase In-car video system for police	6/10/2015	29,000.00	920.32									920.32	
				467.50									467.50	
7-2016	Tax Appeal Refunding Bonds	11/9/2016	510,000.00		22,115.22									22,115.22
4-2018	Various General Improvements (a) Improvements to Recreation Areas (b) Purchase of Fire Truck, Vehicles & Equip (d) Improvements to Sewer & Storm Water Sewer System (e) Purchase of Furniture & Portable Mobile Raddos for Police Department	2/14/2018	504,000.00	31,818.08									4,275.14	
				43.66				38,062.50		25,140.50			43.66	
9-2018	Various Roadway Improvements	6/12/2018	500,000.00							19.00				
9-2019	Various General Improvements (a) Purchase of Public Works Vehicles and Equipment (b) Purchase of Police Vehicles & Equip	4/24/2019	102,400.00										124.11	0.00
				0.00										
3-2020	Various General Improvements (a) Recreation Improvements (b) Library/Building Improvements (c) Roadway Improvements (d) Public Works Vehicles & Equipment (e) Sewer Improvements (h) Police Vehicles & Equipment	3/11/2020	4,778,000.00	613,331.00									546,436.00	
				65,756.87				205.00		3,417.50			65,756.87	
				0.00				164,228.30		286.00			4,879.50	
				0.00				5,507.50					4,876.89	
				0.00				6,372.23		60,900.25			431,667.85	
				607,839.45				128,323.95					1,081.50	
				1,081.50				3,931.40						

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations			Deferred Charges to Future Taxation	Revenue Prior Year Encumbrances	Paid or Charged	Current Year Encumbrances	Cancelled	Balance December 31, 2023	
				Balance December 31, 2022 Funded	Balance December 31, 2022 Unfunded	Other Funding						Funded	Unfunded
10-2021	Various General Improvements (a) Purchase of Various Equipment and Signage for Public Works (b) Purchase of Recreation Equipment	7/14/2021	75,000.00	560.00	45,058.96 11,020.00		14,374.66	14,374.66				560.00	45,058.96 11,020.00
6-2022	Various General Improvements (a) Various Recreation Improvements (b) Various Roadway Improvements (c) Purchase of Equipment for Public Safety	4/27/2022	650,000.00	16,250.00	308,750.00 -		66,646.83 150,000.00	37,766.50 150,000.00	14,000.00			16,250.00	308,750.00 14,880.33
5-2023	Various General Improvements (a) Various Municipal Roadway Improvements (b) Purchase of Fire Truck & Related Equipment (c) Purchase of Equipment for Public Safety	4/12/2023	1,225,000.00			22,000.00 36,000.00 1,250.00		62,390.00	254,470.55 735,321.00 19,365.00				123,139.45 4,679.00 5,695.00
				\$ 2,021,189.91	1,086,344.18	61,250.00	1,163,750.00	782,662.67	1,145,164.20			1,758,865.87	1,235,337.96
							Expended in Cash	793,414.50					
							Refunds	(10,751.83)					
								<u>782,662.67</u>					

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2023		Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
			Date	Amount					
General Improvement Bonds (Refunding)	2/7/2012	5,960,000.00	7/15/2023	705,000.00	4.000%	705,000.00	-	705,000.00	-
General Obligation Bonds, Series 2020	7/16/2020	9,100,000.00	7/15/2024	825,000.00	4.000%	7,860,000.00	-	730,000.00	7,130,000.00
			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%						
	7/15/2030	1,165,000.00	2.000%						
						\$ 8,565,000.00	-	1,435,000.00	7,130,000.00

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding				Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
			Date	Amount	December 31, 2023	Amount					
Infrastructure	5/3/12	1,155,931.00	2/1/24	39,184.10	-	-	490,503.40	-	58,776.15	431,727.25	
			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	8/1/24-26	20,000.00	5.00%	\$ 205,000.00	-	20,000.00	185,000.00		
			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%						
\$							695,503.40	-	78,776.15	616,727.25	

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2023		Int. Rate	Balance Dec. 31, 2022	Issued 2023	Decreased Paid 2023	Balance Dec. 31, 2023
			Date	Amount					
School Bonds (Refunding)	12/3/2014	1,615,000.00	8/01/24	195,000.00	3.000%	390,000.00		195,000.00	195,000.00
						\$ 390,000.00	-	195,000.00	195,000.00
							Refunded Paid	-	195,000.00
								195,000.00	195,000.00

**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, 2022	Increased	Serial Bonds Issued	Paid Through Budget	Balance Dec. 31, 2023
Various General Improvements	10-2010	7/13/2023	7/13/2023	7/12/2024	4.500% \$	-	3,000.00			3,000.00
Various General Improvements	3-2020	7/13/2023	7/13/2023	7/12/2024	4.500%	-	7,100.00			7,100.00
Various General Improvements	10-2021	7/13/2023	7/13/2023	7/12/2024	4.500%	-	71,250.00			71,250.00
Various General Improvements	6-2022	7/13/2023	7/13/2023	7/12/2024	4.500%	-	617,500.00			617,500.00
Various General Improvements	5-2023	7/13/2023	7/13/2023	7/12/2024	4.500%	-	1,163,750.00			1,163,750.00
					\$	-	<u>1,862,600.00</u>			<u>1,862,600.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Notes Issued	Cancelled	Balance Dec. 31, 2023
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	7,100.00		7,100.00		-
10-2021	Various General Improvements	71,250.00		71,250.00		-
6-2022	Various General Improvements	617,500.00		617,500.00		-
5-2023	Various General Improvements		1,163,750.00	1,163,750.00		-
		<u>\$ 1,893,146.00</u>	<u>1,163,750.00</u>	<u>1,862,600.00</u>	<u>-</u>	<u>1,194,296.00</u>

CITY OF LINWOOD

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

{THIS PAGE IS INTENTIONALLY LEFT BLANK}

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:

- Sanitary Sewer Main Root Treatment
- Linwood Library Automated Door Operators
- Typhoon Pumper Truck
- Resurfacing of Franklin Boulevard – Phase II
- 2023 Road Program
- Purchase of Restroom Trailer
- Linwood City Hall ADA Ramps

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 2, 2023, 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 2, 2023, 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, 2023 for the first quarter, May 11, 2023 for the second quarter, August 11, 2023 for the third quarter and November 11, 2023 for the fourth quarter.”

Further, the governing body on January 2, 2023, 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 October 4, 2023, and was complete,

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

Year	Tax	Sewer
2023	5	0
2022	5	0
2021	5	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.

{This space intentionally left blank}

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 2023 and 2024 Taxes	15
Delinquent Taxes	5
Payment of 2023 and 2024 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>
2023	\$ 35,200,394.21	34,854,485.52	99.01%
2022	34,021,745.22	33,676,054.85	98.98%
2021	33,649,160.41	33,327,244.00	99.04%
2020	33,163,225.02	32,753,027.63	98.76%
2019	32,693,399.79	32,137,827.69	98.30%

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	\$ 3.737	3.638	3.606	3.556	3.480
Apportionment of Tax Rate:					
Municipal	0.977	0.946	0.929	0.929	0.930
Municipal Library	0.038	0.034	0.033	0.032	0.031
County	0.527	0.498	0.512	0.486	0.471
Local School	1.461	1.440	1.429	1.405	1.336
Regional HS	0.734	0.720	0.703	0.704	0.712
Assessed Valuation	934,385,300	953,556,561	945,136,805	930,798,400	938,248,800

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>
2023	\$ 82,373.14	263,149.42	345,522.56	0.98%
2022	74,009.72	248,343.93	322,353.65	0.95%
2021	65,867.87	254,246.24	320,114.11	0.95%
2020	57,848.64	211,934.72	269,783.36	0.81%
2019	49,839.31	230,141.75	279,981.06	0.86%

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**

March 29, 2024