

**CITY OF RAHWAY
UNION COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2022**

CITY OF RAHWAY

COUNTY OF UNION

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022

CITY OF RAHWAY

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Rahway
Rahway, New Jersey

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Rahway, as of December 31, 2022 and 2021, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the City of Rahway as of December 31, 2022 and 2021, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2022 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the 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 Rahway as of December 31, 2022 and 2021, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Rahway and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Rahway on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws 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 financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. 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 Rahway'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 Responsibilities for the Audit of 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 generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 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 Rahway's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Rahway's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the City of Rahway as a whole. The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by NJ OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Rahway. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting described in Note 1.


Other Information

Management is responsible for the other information included in the report of audit. The other information comprises the supplementary data and letter of comments and recommendation section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2023 on our consideration of the City of Rahway's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rahway's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Rahway's internal control over financial reporting and compliance.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 22, 2023

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	A-4	\$ 21,388,232	\$ 23,815,740
Cash - Change Funds	A-5	1,595	1,595
Grants Receivable	A-6	537,776	690,401
Due from State of New Jersey - Senior Citizen and Veterans Deductions	A-7	<u>74,915</u>	<u>76,499</u>
		<u>22,002,518</u>	<u>24,584,235</u>
Receivables with Full Reserves			
Taxes Receivable	A-8	1,566,801	1,277,495
Tax Title Liens Receivable	A-9	630,679	707,235
Property Acquired for Taxes (Assessed Value)	A-10	2,664,500	2,664,500
Revenue Accounts Receivable	A-11	25,447	29,944
Other Liens Receivable	A-12	127,595	124,508
Prepaid School Taxes	A-23		691,000
Due from Rahway Redevelopment Agency	A-13	10,654	10,654
Due from Special Improvement District	A-28	57,067	
Due from Animal Control Fund	B-5	11,198	6,900
Due from Self Insurance Trust Fund	B-13	56	45,087
Due from CDBG Trust Fund	B-21	33,052	33,052
Due from Sewer Utility Operating Fund	E-10	176,775	1,334,283
Due from Parking Utility Operating Fund	F-10	<u>37,000</u>	<u>-</u>
		<u>5,340,824</u>	<u>6,924,658</u>
Deferred Charges			
Special Emergency Authorizations (40A:4-55)	A-26	<u>2,980,000</u>	<u>1,850,000</u>
		<u>2,980,000</u>	<u>1,850,000</u>
Total Assets		<u>\$ 30,323,342</u>	<u>\$ 33,358,893</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3, A-14	\$ 1,035,123	\$ 1,379,421
Encumbrances Payable	A-15	1,377,987	1,434,071
Accounts Payable and Other Liabilities	A-16	406,968	291,466
Tax Overpayments	A-17	6,991	8,408
Prepaid Taxes	A-18	435,173	543,988
Local School Taxes Payable	A-23	1,500,000	
County Taxes Payable	A-22	23,323	58,378
Special Emergency Note Payable	A-27	1,500,000	
Due to Other Trust Fund	B-16	2,050,395	679,800
Due to General Capital Fund	C-4	1,706,870	5,363,927
Due to Water Utility Operating Fund	D-16	1,315,184	1,687,306
Due to Sewer Utility Capital Fund	E-28		1,520,154
Due to Parking Utility Operating Fund	F-10		522,799
Due to Parking Utility Capital Fund	F-24		192,186
Reserve for Special Improvement District Taxes	A-24	103,570	103,570
Reserve for Federal and State Grants - Unappropriated	A-19	383,527	436,115
Reserve for Federal and State Grants - Appropriated	A-20	1,897,205	2,001,639
Reserve for Tax Appeals	A-25	1,270,418	749,659
Reserve for Municipal Relief Fund Aid	A-29	209,124	-
		<u>15,221,858</u>	<u>16,972,887</u>
Reserve for Receivables	A	5,340,824	6,924,658
Fund Balance	A-1	<u>9,760,660</u>	<u>9,461,348</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 30,323,342</u>	 <u>\$ 33,358,893</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS- CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Anticipated	A-2	\$ 3,000,000	\$ 2,500,000
Miscellaneous Revenue Anticipated	A-2	19,311,241	14,731,013
Receipts from Delinquent Taxes	A-2	1,433,383	1,884,999
Receipts from Current Taxes	A-2	99,966,335	99,461,626
Non-Budget Revenues	A-2	436,803	1,456,011
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	533,049	1,395,376
Cancelled Prior Year Liabilities	A-16	109,314	561,560
Interfunds Liquidated	A	1,429,976	2,161,815
Liquidation of Reserve for Prepaid School Taxes	A-22	4	7
Statutory Excess - Animal Control Trust Fund	A	<u>4,278</u>	<u>6,877</u>
 Total Income		 <u>126,224,383</u>	 <u>124,159,284</u>
EXPENDITURES			
Budget Appropriations			
Salaries and Wages	A-3	24,544,635	24,497,200
Other Expenses	A-3	20,338,415	18,565,475
Deferred Charges and Statutory Expenditures	A-3	8,814,338	6,256,337
Capital Improvements	A-3	250,000	250,000
Municipal Debt Service	A-3	7,162,622	7,161,755
County Taxes	A-21	14,640,651	14,442,889
Amount Due County for Added and Omitted Taxes	A-22	23,323	58,378
Local District School Tax	A-23	47,859,654	46,603,673
Special Improvement District Tax	A-24	325,000	325,000
Interfunds Advanced	A	325,802	1,429,976
Refund of Prior Year Revenue and Taxes	A-4	<u>140,631</u>	<u>86,780</u>
 Total Expenditures		 <u>124,425,071</u>	 <u>119,677,463</u>
Adjustments			
Less: Expenditures Included Above Which by Statute are Required to be Raised in Subsequent Year's Budget	A-26	<u>1,500,000</u>	<u>-</u>
 Adjusted Expenditures		 122,925,071	 119,677,463
 Excess in Revenue		 3,299,312	 4,481,821
 Fund Balance, Beginning of Year	A	 <u>9,461,348</u>	 <u>7,479,527</u>
		12,760,660	11,961,348
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>3,000,000</u>	<u>2,500,000</u>
 Fund Balance, End of Year	A	 <u>\$ 9,760,660</u>	 <u>\$ 9,461,348</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Adopted Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Actual</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-2	\$ 3,000,000	-	\$ 3,000,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	53,000		55,050	\$ 2,050
Other	A-11	4,600		13,530	8,930
Fees and Permits	A-11	120,000		122,966	2,966
Fines and Costs					
Municipal Court	A-11	330,000		364,347	34,347
Interest and Costs on Taxes	A-11	350,000		360,933	10,933
Interest on Investments and Deposits	A-2	50,000		120,894	70,894
Anticipated Utility Operating Surplus- Water	A-11, D-4	960,000		960,000	
Anticipated Utility Operating Surplus - Parking	A-11, F-4	675,000		675,000	
Police Department Fees	A-11	75,000		86,319	11,319
Utility Operating Surplus of Prior Year					
Water Utility	D-1	750,000		750,000	
Parking Utility	E-1	750,000		750,000	
Payments in Lieu of Taxes (PILOT)					
Lower Essex St. - Denholtz Management	A-11	520,000		483,327	(36,673)
Rosegate	A-11	25,000		26,642	1,642
Housing Authority	A-11	134,000		116,567	(17,433)
Senior Citizen Housing	A-11	339,000		323,076	(15,924)
Meyers Sr. Residence	A-11	30,000		29,467	(533)
Metro	A-11	137,000		137,426	426
Waters Edge	A-11	181,000		174,066	(6,934)
Lafayette	A-11	244,000		244,726	726
Reva	A-11	439,000		509,257	70,257
Artist Housing	A-11	18,000		16,343	(1,657)
Dornoch/Mint	A-11	215,000		112,532	(102,468)
RWJ Hospital	A-11	270,000		280,342	10,342
Cellular Phone Tower Fees	A-11	478,000		435,480	(42,520)
Vacant/Foreclosure House Registration	A-11	297,000		161,050	(135,950)
Police Security - Administrative Fees	A-11	69,000		42,563	(26,437)
Planning Board Application Fees	A-11	33,000		21,742	(11,258)
Street Open Permits	A-11	34,000		85,829	51,829
UCC Penalties	A-11	14,000		60,400	46,400
Comcast Cable Franchise Fee	A-11	86,000		88,555	2,555
Uniform Construction Code Fees	A-11	675,000		1,987,135	1,312,135
State Aid Without Offsetting Appropriations					
Consolidated Municipal Property Tax Relief Aid	A-11	152,975		152,975	
Energy Receipts Taxes	A-11	3,855,998		3,855,998	

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Modified Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Actual</u>	<u>Excess or (Deficit)</u>
Public and Private Revenues Offset with Appropriations					
Clean Communities	A-19	\$ 50,936		\$ 50,936	
Grahill Charitable Trust	A-19	20,000		20,000	
Municipal Alliance on Alcoholism and Drug Abuse	A-19	9,761		9,761	
Recycling Tonnage	A-19	16,558		16,558	
Body Armor Replacement Program	A-19	4,920		4,920	
CLEP Grant	A-19	2,550		2,550	
Recreation Heart Grant	A-19	1,250		1,250	
EV Grant	A-19	8,000		8,000	
Other Special Items of Revenue					
U.C.U.A. - Host Community Fees	A-11	2,350,000		2,350,000	
U.C.U.A. - Host Community Fees - Excess Tonnage	A-11	433,000		493,431	\$ 60,431
Solid Waste Fees					
Rahway Housing Authority	A-11	31,000		57,085	26,085
Rahway Board of Education	A-11	6,000		11,383	5,383
Bulky Waste Fees					
Kenilworth	A-11	45,000		45,500	500
Outside Health Services					
Scotch Plains	A-11	35,000		-	(35,000)
Winfield	A-11	8,300		4,182	(4,118)
American Rescue Plan	A-19	1,921,673		1,886,673	(35,000)
Hotel Fees	A-11	192,000	-	244,475	52,475
General Capital Fund Balance	C-1	500,000	-	500,000	-
Total Miscellaneous Revenues		<u>18,000,521</u>	<u>-</u>	<u>19,311,241</u>	<u>1,310,720</u>
Receipts from Delinquent Taxes	A-2	<u>1,500,000</u>	<u>-</u>	<u>1,433,383</u>	<u>(66,617)</u>
Amount to be Raised by Taxes for Municipal Budget					
Local Tax for Municipal Purposes		38,299,841		38,307,638	7,797
Minimum Library Tax		<u>1,060,069</u>	<u>-</u>	<u>1,060,069</u>	<u>-</u>
Total Amount to be Raised by Taxes	A-2	<u>39,359,910</u>	<u>-</u>	<u>39,367,707</u>	<u>7,797</u>
Budget Totals		<u>\$ 61,860,431</u>	<u>\$ -</u>	<u>63,112,331</u>	<u>\$ 1,251,900</u>
Non-Budget Revenues	A-2			<u>436,803</u>	
				<u>\$ 63,549,134</u>	

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	
Analysis of Current Tax Collections		
Revenue from Collections	A-8	\$ 100,616,676
Less		
Reserved for Tax Appeals	A-26	<u>650,341</u>
	A-2	99,966,335
Allocated to School, County Taxes and Special District Taxes	A-22, A-23 A-24, A-25	<u>62,848,628</u>
		37,117,707
Add Appropriation "Reserve for Uncollected Taxes	A-3	<u>2,250,000</u>
Balance for Support of Municipal Budget Appropriations	A-2	<u>\$ 39,367,707</u>
Interest on Investments		
Revenue Accounts Receivable	A-11	\$ 102,137
Due from Other Trust Fund	B-16	10,684
Due from General Capital Fund	C-4	7,987
Due from Animal Control Fund	B-5	<u>86</u>
	A-2	<u>\$ 120,894</u>
Non-Budget Revenue		
Prior Year Refunds		39,148
Shared Services - Fanwood		88,000
Uniform Fire Safety Act		79,775
PILOT - Grammercy		75,731
FEMA Reimbursement		36,892
State of New Jersey		25,500
Sale of Vehicles & Equipment		22,417
Zoning Maps/Ordinances		15,570
Opioids Settlement		14,509
Engineering Fees		11,438
Other Miscellaneous		9,828
Refund of Prior Year Expenditures		9,108
Sale of Recyclables		<u>8,887</u>
	A-2	<u>\$ 436,803</u>

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
General Government					
Department of Administration					
Salaries and Wages	\$ 557,000	\$ 606,500	\$ 606,499	\$ 1	
Other Expenses	969,000	965,500	961,775	3,725	
Mayor's Office					
Salaries and Wages	72,000	72,000	71,970	30	
Municipal Council					
Salaries and Wages	75,000	71,000	67,447	3,553	
Other Expenses	1,000	1,000	298	702	
Environmental Commission					
Salaries and Wages	5,000	5,000	3,947	1,053	
Other Expenses	1,000	1,000	738	262	
City Clerk					
Salaries and Wages	211,000	218,000	211,498	6,502	
Other Expenses	67,000	82,000	73,774	8,226	
Department of Revenue and Finance					
Salaries and Wages	541,000	511,000	500,723	10,277	
Other Expenses	744,000	1,386,003	1,376,800	9,203	
Municipal Audit	60,000	60,000	36,000	24,000	
Revenue Administration (Tax Collection)					
Salaries and Wages	194,000	200,000	199,631	369	
Other Expenses	60,000	60,000	59,769	231	
Department of Assessment					
Salaries and Wages	122,000	187,000	186,660	340	
Other Expenses	50,000	50,000	33,735	16,265	
Department of Law					
Salaries and Wages	95,000	131,000	130,570	430	
Other Expenses	550,000	550,000	534,444	15,556	
Division of Engineering					
Salaries and Wages	324,000	334,000	333,325	675	
Other Expenses	560,000	610,000	598,309	11,691	
Department of Building, Planning & Economic Development					
Salaries and Wages	195,000	153,000	143,492	9,508	
Other Expenses	135,000	187,000	161,543	25,457	
Planning Board					
Salaries and Wages	4,000	4,100	4,066	34	
Other Expenses	11,000	11,200	11,111	89	
Zoning Board of Adjustment					
Salaries and Wages	4,000	4,100	4,066	34	
Other Expenses	19,000	19,000	16,455	2,545	
Property Maintenance					
Salaries and Wages	251,000	244,000	243,504	496	
Other Expenses	21,000	20,000	15,136	4,864	
Uniform Construction Code Enforcement (NJSA 52:27D-120 etc.)					
Salaries and Wages	543,000	587,000	580,701	6,299	
Other Expenses	118,000	118,000	87,794	30,206	
Municipal A.B.C. Board					
Salaries and Wages	6,000	6,000	4,325	1,675	
Other Expenses	1,000	1,000	393	607	
Insurance					
Other Insurance	1,530,000	1,383,397	1,383,153	244	
Employee Group Insurance	7,576,226	7,594,226	7,573,537	20,689	
Health Benefit Waiver	140,000	145,000	144,206	794	
Police Department					
Salaries and Wages	8,875,304	8,922,304	8,891,948	30,356	
Other Expenses	367,000	367,000	357,995	9,005	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
Office of Emergency Management					
Salaries and Wages	\$ 44,000	\$ 43,000	\$ 40,848	\$ 2,152	
Other Expenses	30,000	30,100	30,079	21	
Fire Department					
Salaries and Wages	5,815,331	5,816,831	5,816,596	235	
Other Expenses	210,000	210,000	209,606	394	
Department of Public Works					
Salaries and Wages	2,939,000	2,309,400	2,285,125	24,275	
Other Expenses	1,408,000	1,408,000	1,252,330	155,670	
Solid Waste and Recycling					
Salaries and Wages	1,614,000	1,548,400	1,547,713	687	
Other Expenses	1,655,000	1,655,000	1,348,237	306,763	
Department of Health and Welfare					
Salaries and Wages	638,000	732,000	714,454	17,546	
Other Expenses	222,000	237,000	217,717	19,283	
Community Services - Senior Services					
Salaries and Wages	217,000	182,000	179,065	2,935	
Other Expenses	69,000	69,000	66,788	2,212	
Recreation Department					
Salaries and Wages	814,000	832,000	825,017	6,983	
Other Expenses	348,000	350,800	349,827	973	
Social Justice Commission					
Salaries and Wages	5,000	5,000	5,000	-	
Other Expenses	50,000	50,000	49,100	900	
Municipal Court					
Salaries and Wages	675,000	625,000	615,934	9,066	
Other Expenses	55,000	55,000	52,895	2,105	
Contribution to Rahway Redevelopment Agency	100,000	100,000	100,000		
Unclassified					
Electricity	394,000	269,000	218,486	50,514	
Heating Fuels	114,000	114,000	79,708	34,292	
Telephone	178,000	178,000	116,204	61,796	
Street Lighting	587,000	497,000	465,141	31,859	-
Total Operations Within "CAPS"	<u>43,235,861</u>	<u>43,183,861</u>	<u>42,197,207</u>	<u>986,654</u>	<u>-</u>
Contingent	-	-	-	-	-
Total Operations Including Contingent - Within "CAPS"	<u>43,235,861</u>	<u>43,183,861</u>	<u>42,197,207</u>	<u>986,654</u>	<u>-</u>
Detail:					
Salaries & Wages	24,830,635	24,344,635	24,209,124	135,511	-
Other Expenses (Including Contingent)	<u>18,405,226</u>	<u>18,839,226</u>	<u>17,988,083</u>	<u>851,143</u>	<u>-</u>

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	\$ 1,231,022	\$ 1,231,022	\$ 1,219,022	\$ 12,000	
Police and Firemen's Retirement System	4,203,227	4,203,227	4,203,227	-	
Pension Adjustment Fund	20,000	20,000	17,955	2,045	
Social Security	950,000	997,000	967,555	29,445	
DCRP Contribution	<u>20,000</u>	<u>25,000</u>	<u>23,442</u>	<u>1,558</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>6,424,249</u>	<u>6,476,249</u>	<u>6,431,201</u>	<u>45,048</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>49,660,110</u>	<u>49,660,110</u>	<u>48,628,408</u>	<u>1,031,702</u>	<u>-</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (Chapter 82, P.L. 1985)					
Other Expenses	1,173,000	1,173,000	1,173,000		
Insurance - Employee Group Insurance	70,774	70,774	70,774		
Police Dispatch 9-1-1 System					
Salaries and Wages	200,000	200,000	199,903	97	
Other Expenses	139,000	139,000	135,676	3,324	
Public and Private Programs Offset with Revenues					
Matching Funds for Grants	2,440	2,440	2,440		
Clean Communities Program	50,936	50,936	50,936		
Recycling Tonnage Grant	16,558	16,558	16,558		
Police Body Armor	4,920	4,920	4,920		
Recreation Heart Grant	1,250	1,250	1,250	-	
CLEP Grant	2,550	2,550	2,550		
Municipal Alliance	9,761	9,761	9,761	-	
EV Grant	8,000	8,000	8,000	-	
Grahill Charitable Trust	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>
Total Operations - Excluded from "CAPS"	<u>1,699,189</u>	<u>1,699,189</u>	<u>1,695,768</u>	<u>3,421</u>	<u>-</u>
Detail:					
Salaries and Wages	200,000	200,000	199,903	97	-
Other Expenses	<u>1,499,189</u>	<u>1,499,189</u>	<u>1,495,865</u>	<u>3,324</u>	<u>-</u>

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 250,000	\$ 250,000	\$ 250,000	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	4,583,504	4,583,504	4,583,504		
Interest on Bonds	1,267,145	1,269,645	1,269,330		\$ 315
Interest in Notes	122,570	122,570	122,570		
Green Acres Loan					
Repayment of Principal and Interest	50,000	47,500	47,394		106
Capital Grant Agreement - Rahway Redevelopment Agency Library Project/Arts Center Project	<u>1,139,824</u>	<u>1,139,824</u>	<u>1,139,824</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service Excluded from "CAPS"	<u>7,163,043</u>	<u>7,163,043</u>	<u>7,162,622</u>	<u>-</u>	<u>421</u>
DEFERRED CHARGES					
Special Emergency Authorization		1,500,000	1,500,000	-	-
Special Emergency Authorization- 5 Years	370,000	370,000	370,000	-	-
Overexpenditure of Ordinance Appropriation	<u>468,089</u>	<u>468,089</u>	<u>468,089</u>	<u>-</u>	<u>-</u>
Total Deferred Charges - Municipal-Excluded from "CA"	<u>838,089</u>	<u>2,338,089</u>	<u>2,338,089</u>	<u>-</u>	<u>-</u>
Total General Appropriations - Excluded from "CAPS"	<u>9,950,321</u>	<u>11,450,321</u>	<u>11,446,479</u>	<u>\$ 3,421</u>	<u>421</u>
Subtotal General Appropriations	59,610,431	61,110,431	60,074,887	1,035,123	421
Reserve for Uncollected Taxes	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,250,000</u>	<u>-</u>	<u>-</u>
Total General Appropriations	<u>\$ 61,860,431</u>	<u>\$ 63,360,431</u>	<u>\$ 62,324,887</u>	<u>\$ 1,035,123</u>	<u>\$ 421</u>
	<u>Reference</u>	A-2		A-1	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>
Budget as Adopted	A-2	\$ 61,860,431	
Special Emergency Authorization	A-2	<u>1,500,000</u>	
		<u>\$ 63,360,431</u>	
Cash Disbursements	A-4		\$ 58,414,981
Encumbrances Payable	A-15		1,173,491
Transferred to Appropriated Grant Reserves	A-20		116,415
Deferred Charges	A-26		370,000
Reserve for Uncollected Taxes	A-2		<u>2,250,000</u>
			<u>\$ 62,324,887</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Animal Control Fund			
Cash	B-2	\$ 21,149	\$ 16,518
		<u>21,149</u>	<u>16,518</u>
Community Development Trust Fund			
Cash	B-2	1,150,917	902,779
Community Development Grants Receivable	B-6	941,962	947,573
Loans Receivable	B-7	180,405	199,565
Deferred Loans Receivable	B-8	<u>2,926,817</u>	<u>2,878,834</u>
		<u>5,200,101</u>	<u>4,928,751</u>
Other Trust Fund			
Cash	B-2	5,088,169	4,606,319
Due from Current Fund	B-16	2,050,395	679,800
Due from Sewer Utility Operating Fund	E-29	9,744	9,744
Due from Sewer Utility Capital Fund	E-27	<u>-</u>	<u>85,039</u>
		<u>7,148,308</u>	<u>5,380,902</u>
Self- Insurance Fund			
Cash	B-2	64,286	87,605
Due from Other Trust Fund	B-23	<u>18,630</u>	<u>-</u>
		<u>82,916</u>	<u>87,605</u>
Total Assets		<u>\$ 12,452,474</u>	<u>\$ 10,413,776</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Animal Control Fund			
Due to State of New Jersey	B-3	\$ 34	\$ 4
Reserve for Animal Control Expenditures	B-4	9,917	9,614
Due to Current Fund	B-5	<u>11,198</u>	<u>6,900</u>
		<u>21,149</u>	<u>16,518</u>
Community Development Trust Fund			
Due to Current Fund	B-21	33,052	33,052
Due to General Capital Fund	B-22	1,109,000	831,000
Reserve for Loans Receivable	B-7, B-8	3,107,222	3,078,399
Encumbrances Payable	B-9	166,927	164,643
Reserve for Community Development Expenditures	B-10	<u>783,900</u>	<u>821,657</u>
		<u>5,200,101</u>	<u>4,928,751</u>
Other Trust Fund			
Due to Self Insurance Trust Fund	B-23	18,630	
Miscellaneous Reserves and Deposits	B-15	6,758,024	4,996,463
Other Liabilities	B-17	143,372	165,659
Payroll Deductions Payable	B-18	39,310	50,379
Accrued Salaries and Wages	B-19	184,609	162,722
Reserve for Flex Spending	B-20	<u>4,363</u>	<u>5,679</u>
		<u>7,148,308</u>	<u>5,380,902</u>
Self- Insurance Fund			
Due to Current Fund	B-13	56	45,087
Reserve for Workers' Compensation	B-11	44,610	22,864
Reserve for Unemployment Compensation	B-12	36,648	18,052
Due to State of New Jersey	B-14	<u>1,602</u>	<u>1,602</u>
		<u>82,916</u>	<u>87,605</u>
Total Liabilities and Fund Balance		<u>\$ 12,452,474</u>	<u>\$ 10,413,776</u>

CITY OF RAHWAY
STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
OTHER TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, Beginning of Year	B		\$ 37,650
Decreased by:			
Cancelled to Current Fund	B	-	<u>37,650</u>
Balance, End of Year	B	<u>\$ -</u>	<u>\$ -</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u> (Restated)
ASSETS			
Cash	C-2, C-3	\$ 4,900,207	\$ 4,820,028
Deferred Charges to Future Taxation			
Funded	C-5	40,915,832	38,214,055
Unfunded	C-6	16,671,692	18,167,120
Overexpenditure of Ordinance	C-17		468,089
Grants Receivable	C-9	2,364,304	2,456,114
Due from Current Fund	C-4	1,706,870	5,363,927
Due from CDBG Trust Fund	B-22	1,109,000	831,000
Due from Water Utility Capital Fund	D-17	1,354,582	1,254,582
Due from Sewer Utility Operating Fund	E-11		108,486
Due from Sewer Utility Capital Fund	E-14		4,859
Due from Parking Utility Operating Fund	C-15	-	772,500
		<u>\$ 69,022,487</u>	<u>\$ 72,460,760</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 40,706,363	\$ 37,959,867
Bond Anticipation Notes Payable	C-10	6,700,000	12,257,000
Green Acres Loans Payable	C-11	209,469	254,188
Contracts Payable	C-13	2,996,840	3,934,554
Improvement Authorizations:			
Funded	C-7	4,737,501	3,673,642
Unfunded	C-7	5,810,072	5,850,935
Due to Sewer Utility Capital Fund	E-14	36,960	
Due to Parking Utility Capital Fund	C-16		759,712
Capital Improvement Fund	C-12	51,272	164,272
Reserve for Grants Receivable	C-9	1,664,304	1,756,114
Reserve for Payment of Debt	C-14	361,810	
Fund Balance	C-1	<u>5,747,896</u>	<u>5,850,476</u>
		<u>\$ 69,022,487</u>	<u>\$ 72,460,760</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$10,255,422 and \$6,722,595, respectively (Exhibit C-18)

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, Beginning of Year	C	\$ 5,850,476	\$ 5,751,316
Increased by:			
Premium on Bonds/Bond Anticipation Notes	C-2	<u>397,420</u>	<u>99,160</u>
		6,247,896	5,850,476
Decreased by:			
Anticipated as Current Fund Budgeted Revenue	A-2	<u>500,000</u>	<u>-</u>
Balance, End of Year	C	<u>\$ 5,747,896</u>	<u>\$ 5,850,476</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER UTILITY FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Operating Fund			
Cash	D-5	\$ 10,784,983	\$ 5,855,553
Cash - Change Fund	D-7	200	200
Due from Current Fund	D-16	1,315,184	1,687,306
Due from Water Utility Capital Fund	D-15	<u>-</u>	<u>2,546,539</u>
		12,100,367	10,089,598
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	D-11	1,438,560	1,614,126
Deferred Charges			
Overexpenditure of Appropriations	D-4	<u>-</u>	<u>135,022</u>
Total Operating Fund		<u>13,538,927</u>	<u>11,838,746</u>
Capital Fund			
Cash	D-5, D-6	12,001	3,338,511
Loans Receivable	D-8	397,438	397,438
Fixed Capital	D-9	56,104,090	56,104,090
Fixed Capital Authorized and Uncompleted	D-10	10,929,369	10,154,369
Due from Water Operating Fund	D-15	<u>4,376,385</u>	<u>-</u>
Total Capital Fund		<u>71,819,283</u>	<u>69,994,408</u>
Total Assets		<u>\$ 85,358,210</u>	<u>\$ 81,833,154</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER UTILITY FUND
AS OF DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	D-4, D-12	\$ 12,872	
Encumbrances Payable	D-13	334,215	\$ 779,442
Accounts Payable and Other Liabilities	D-14	208,463	171,243
Accrued Interest on Bonds and Notes	D-27	138,216	125,336
Due to Water Utility Capital Fund	D-15	4,376,385	
Due to Sewer Utility Operating Fund	E-12	1,225,924	3,813,927
		6,296,075	4,889,948
Reserve for Receivables	D	1,438,560	1,614,126
Fund Balance	D-1	5,804,292	5,334,672
Total Operating Fund		<u>13,538,927</u>	<u>11,838,746</u>
Capital Fund			
Serial Bonds Payable	D-23	7,864,000	8,409,000
NJ EIT Loan Payable	D-25	12,324,248	12,947,145
Bond Anticipation Notes Payable	D-24	6,925,000	2,775,000
Contracts Payable	D-20	171,735	196,884
Capital Improvement Fund	D-26	106,472	106,472
Improvement Authorizations			
Funded	D-19	423,640	470,578
Unfunded	D-19	7,158,816	7,466,613
Reserve for Amortization	D-21	32,985,370	31,817,473
Reserve for Deferred Amortization	D-22	303,929	303,929
Reserve for Future Capital Improvements	D-18	1,308,173	905,000
Due to General Capital Fund	D-17	1,354,582	1,254,582
Due to Water Utility Operating Fund	D-15		2,546,539
Fund Balance	D-2	893,318	795,193
Total Capital Fund		<u>71,819,283</u>	<u>69,994,408</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 85,358,210</u>	<u>\$ 81,833,154</u>

There were bonds and notes authorized but not issued on December 31, 2022 and 2021 of \$6,630,912 and \$10,005,912, respectively (Exhibit D-28).

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized			
Surplus Anticipated	D-3	\$ 135,022	
Rents	D-3	7,740,000	\$ 7,387,000
Additional Water Rents	D-3	1,014,193	1,517,259
Water Connection Fees	D-3	948,311	
Non-Budget Revenues	D-3	35,278	43,667
Other Credits to Income			
Cancellation of Prior Year Accounts Payable	D	10,368	
Unexpended Balance of Appropriation Reserves	D-12	-	3,109
		<u>9,883,172</u>	<u>8,951,035</u>
Expenditures			
Budget Appropriations			
Operating	D-4	5,150,000	4,985,022
Capital Improvements	D-4	650,000	405,000
Debt Service	D-4	1,617,000	1,502,112
Deferred Charges	D-4	135,022	
Refund of Prior Year Revenue	D-5	16,508	-
		<u>7,568,530</u>	<u>6,892,134</u>
Less:			
Expenditures Included Above Which by Statute are			
Deferred to Subsequent Year Budgets	D-4	-	135,022
Total Adjusted Expenditures		<u>7,568,530</u>	<u>6,757,112</u>
Excess in Revenues Over Expenditures		2,314,642	2,193,923
Adjustments to Income Before Fund Balance			
Surplus to General Budget	D-1	(960,000)	-
Statutory Excess to Fund Balance		1,354,642	2,193,923
Fund Balance, Beginning of Year	D	<u>5,334,672</u>	<u>3,140,749</u>
Decreased by:		6,689,314	5,334,672
Utilized as Anticipated Revenue	D-2	135,022	
Utilized as Anticipated Revenue - Current Fund	A-2	<u>750,000</u>	-
Fund Balance, End of Year	D	<u>\$ 5,804,292</u>	<u>\$ 5,334,672</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, Beginning of Year	D	\$ 795,193	\$ 772,744
Increased by:			
Premium on Issuance of Bonds and Notes	D-5	<u>98,125</u>	<u>22,449</u>
Balance, End of Year	D	<u>\$ 893,318</u>	<u>\$ 795,193</u>

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Surplus Anticipated	D-1	\$ 135,022	\$ 135,022	
Rents	D-1,D-10	7,740,000	7,740,000	
Additional Water Rents	D-1, D-10	387,000	1,014,193	\$ 627,193
Water Connection Fees	D-1	<u>250,000</u>	<u>948,311</u>	<u>698,311</u>
		<u>\$ 8,512,022</u>	9,837,526	<u>\$ 1,325,504</u>
Non-budget Revenue			<u>35,278</u>	
			<u>\$ 9,872,804</u>	
 <u>Analysis on Non-budget Revenue</u>				
Interest on Investments			<u>\$ 35,278</u>	
	<u>Reference</u>			
Cash Receipts	D-5		\$ 31,902	
Due from Water Utility Capital Fund	D-15		<u>3,376</u>	
			<u>\$ 35,278</u>	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriation</u>		<u>Expended</u>	
	<u>Budget</u>	Budget After <u>Modification</u>	<u>Paid or</u> <u>Charged</u>	<u>Reserved</u>
Operating				
Management Fee	\$ 4,500,000	\$ 4,500,000	\$ 4,487,373	\$ 12,627
Other Expenses	650,000	650,000	649,755	245
Capital Improvements				
Capital Outlay	650,000	650,000	650,000	
Debt Service				
Payment of Bond Principal	545,000	545,000	545,000	
Interest on Bonds	272,000	272,000	272,000	
Interest on Notes	40,000	40,000	40,000	
Principal and Interest on Loans	760,000	760,000	760,000	
Deferred Charges				
Overexpenditure of Appropriations	135,022	135,022	135,022	
Surplus (General Budget)	<u>960,000</u>	<u>960,000</u>	<u>960,000</u>	<u>-</u>
	<u>\$ 8,512,022</u>	<u>\$ 8,512,022</u>	<u>\$ 8,499,150</u>	<u>\$ 12,872</u>

Reference

Cash Disbursements	D-5	\$ 7,177,637
Encumbrances Payable	D-13	334,215
Due to Water Utility Capital Fund	D-15	403,173
Deferred Charges	D	135,022
Accrued Interest on Bonds and Notes	D-27	<u>449,103</u>
		<u>\$ 8,499,150</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
SEWER UTILITY FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Operating Fund			
Cash	E-5	\$ 1,290,466	\$ 5,304
Due from Water Utility Operating Fund	E-12	1,225,924	3,813,927
Due from Sewer Utility Capital Fund	E-13	<u>456</u>	<u>471</u>
		2,516,846	3,819,702
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	E-7	596,684	750,987
Deferred Charge			
Overexpenditure of Appropriation	E-4	<u>-</u>	<u>483,639</u>
Total Operating Fund		<u>3,113,530</u>	<u>5,054,328</u>
Capital Fund			
Cash	E-5, E-6	1,885,529	181,406
Fixed Capital	E-8	4,205,428	4,205,428
Fixed Capital Authorized and Uncompleted	E-9	6,708,000	5,858,000
Due from General Capital Fund	E-14	36,960	
Due from Current Fund	E-28	<u>-</u>	<u>1,520,154</u>
Total Capital Fund		<u>12,835,917</u>	<u>11,764,988</u>
Total Assets		<u>\$ 15,949,447</u>	<u>\$ 16,819,316</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
SEWER UTILITY FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	E-3, E-15	\$ 155,057	\$ 103,894
Encumbrances Payable	E-16		10,206
Accounts Payable	E-17	10,000	20,390
Due to Current Fund	E-10	176,775	1,334,283
Due to General Capital Fund	E-11		108,486
Due to Other Trust Fund	E-29	9,744	9,744
Accrued Interest on Bonds, Notes and Loans	E-24	<u>17,774</u>	<u>10,564</u>
		369,350	1,597,567
Reserve for Receivables	E	596,684	750,987
Fund Balance	E-1	<u>2,147,496</u>	<u>2,705,774</u>
Total Operating Fund		<u>3,113,530</u>	<u>5,054,328</u>
Capital Fund			
Serial Bonds Payable	E-18	4,078,637	2,447,133
NJ Environmental Infrastructure Loan Payable	E-19	99,312	247,850
Bond Anticipation Notes Payable	E-20		1,498,000
Due to Other Trust Fund	E-27		85,039
Due to General Capital Fund	E-14		4,859
Due to Sewer Utility Operating Fund	E-13	456	471
Improvement Authorizations			
Funded	E-21	1,346,847	371,055
Unfunded	E-21	2,574,349	2,810,249
Contracts Payable	E-22	53,133	58,442
Capital Improvement Fund	E-23	374,500	374,500
Reserve for Amortization	E-25	3,904,531	3,539,497
Deferred Reserve for Amortization	E-26	6,700	6,700
Fund Balance	E-2	<u>397,452</u>	<u>321,193</u>
Total Capital Fund		<u>12,835,917</u>	<u>11,764,988</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 15,949,447</u>	<u>\$ 16,819,316</u>

There were bonds and notes authorized but not issued of \$2,824,248 and \$2,324,248, on December 31, 2022 and 2021, respectively. (Exhibit E-30)

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized			
Surplus Anticipated	E-3	\$ 854,639	\$ 250,000
Rents	E-3	5,583,425	5,196,576
Industrial Sewer Flow Charges	E-3	118,765	425,044
Non-Budget Revenues	E-3	269,383	10,464
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	E-15	103,894	83,842
Cancelled Prior Year Liabilities	E-17	<u>20,390</u>	<u>4,800</u>
		<u>6,950,496</u>	<u>5,970,726</u>
Expenditures			
Budget Appropriations			
Operating	E-4	5,688,000	5,258,639
Debt Service	E-4	470,496	485,604
Deferred Charges and Statutory Expenditures	E-4	<u>495,639</u>	<u>12,000</u>
		6,654,135	5,756,243
Less:			
Expenditures Included Above Which by Statute are Deferred to Subsequent Year Budgets	E-4	<u>-</u>	<u>483,639</u>
Total Adjusted Expenditures		6,654,135	5,272,604
Excess in Revenues Over Expenditures		296,361	698,122
Fund Balance, Beginning of Year	E	<u>2,705,774</u>	<u>2,257,652</u>
		3,002,135	2,955,774
Decreased by:			
Utilized as Anticipated Revenue	E-3	<u>854,639</u>	<u>250,000</u>
Fund Balance, End of Year	E	<u>\$ 2,147,496</u>	<u>\$ 2,705,774</u>

The Accompanying Notes are an Integral Part of these Financial Statements

**CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, Beginning of Year	E	\$ 321,193	\$ 309,072
Increased by:			
Premium on Bonds/Bond Anticipation Notes	E-5	<u>76,259</u>	<u>12,121</u>
Balance, End of Year	E	<u>\$ 397,452</u>	<u>\$ 321,193</u>

**CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Surplus Anticipated	E-1	\$ 854,639	\$ 854,639	
Rents	E-1, E-7	5,000,000	5,000,000	-
Additional Sewer Rents	E-1, E-7	450,000	583,425	\$ 133,425
Industrial Sewer Flow Charges	E-1, E-5	<u>350,000</u>	<u>118,765</u>	<u>(231,235)</u>
	E-4	<u>\$ 6,654,639</u>	6,556,829	<u>\$ (97,810)</u>
Non-Budget Revenue			<u>269,383</u>	
			<u>\$ 6,826,212</u>	
 <u>Analysis of Realized Revenue:</u>				
<u>Miscellaneous</u>				
Sewer Connection Fees			\$ 267,042	
Interest on Investments			<u>2,341</u>	
			<u>\$ 269,383</u>	
 <u>Non-Budget Revenue</u>				
Cash Receipts			\$ 267,692	
Due from Sewer Utility Capital Fund			<u>1,691</u>	
			<u>\$ 269,383</u>	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	Budget After <u>Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 240,000	\$ 246,000	\$ 245,611	\$ 389	
Other Expenses	160,000	154,000	293	153,707	
Sewer Treatment Expense					
Rahway Valley Sewer Authority	5,213,000	5,213,000	5,212,681	319	
Sewer Permit Fees	75,000	75,000	74,358	642	
Debt Service					
Payment of Bond Principal	217,000	217,000	216,496		\$ 504
Interest on Bonds	78,000	78,000	78,000		
Interest on Notes	19,000	19,000	19,000		
Principal and Interest on Loans	157,000	157,000	157,000		
Deferred Charges					
Overexpenditure of Appropriations	483,639	483,639	483,639		
Statutory Expenditures					
Social Security System (O.A.S.I.)	12,000	12,000	12,000	-	-
	<u>\$ 6,654,639</u>	<u>\$ 6,654,639</u>	<u>\$ 6,499,078</u>	<u>\$ 155,057</u>	<u>\$ 504</u>
	<u>Reference</u>	E-3	E-1	E,E-1	
Cash Disbursements	E-5		\$ 5,909,977		
Deferred Charge	E		483,639		
Accrued Interest on Bonds and Notes	E-24		<u>105,462</u>		
			<u>\$ 6,499,078</u>		

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
PARKING UTILITY FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Operating Fund			
Cash	F-5	\$ 4,943,190	\$ 5,714,756
Due from Current Fund	F-10		522,799
Due from Parking Utility Capital Fund	F-9	<u>541,082</u>	<u>566,684</u>
 Total Operating Fund		 <u>5,484,272</u>	 <u>6,804,239</u>
Capital Fund			
Cash	F-5, F-6	1,013,459	86,771
Fixed Capital	F-7	11,190,396	11,190,396
Fixed Capital Authorized and Uncompleted	F-8	1,355,000	830,000
Due from Current Fund	F-24		192,186
Due from General Capital Fund	C-16	<u>-</u>	<u>759,712</u>
 Total Capital Fund		 <u>13,558,855</u>	 <u>13,059,065</u>
 Total Assets		 <u>\$ 19,043,127</u>	 <u>\$ 19,863,304</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
PARKING UTILITY FUND
AS OF DECEMBER 31, 2022 AND 2021**

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	F-4, F-12	\$ 207,883	\$ 368,441
Encumbrances Payable	F-13	9,400	37,479
Accounts Payable	F-14	13,310	7,691
Other Liabilities	F-17	8,303	8,653
Due to Current Fund	F-10	37,000	
Due to General Capital Fund	C-15		772,500
Due to Rahway Redevelopment Agency	F-18	616,525	616,525
Reserve for Rate Stabilization	F-11	1,500,000	1,500,000
Accrued Interest on Bonds and Notes	F-15	26,451	22,751
Reserve for Security Deposits	F-16	3,265	3,235
		<u>2,422,137</u>	<u>3,337,275</u>
Fund Balance	F-1	<u>3,062,135</u>	<u>3,466,964</u>
Total Operating Fund		<u>5,484,272</u>	<u>6,804,239</u>
Capital Fund			
Serial Bonds Payable	F-19	2,630,000	2,815,000
Bond Anticipation Notes Payable	F-20	804,000	830,000
Due to Parking Utility Operating Fund	F-9	541,082	566,684
Reserve for Amortization	F-21	8,586,396	8,375,396
Reserve for Future Capital Improvements	F-22	186,524	186,524
Contracts Payable	F-23	232,269	9,069
Improvement Authorizations			
Unfunded	F-25	536,077	245,277
Fund Balance	F-2	<u>42,507</u>	<u>31,115</u>
Total Capital Fund		<u>13,558,855</u>	<u>13,059,065</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 19,043,127</u>	<u>\$ 19,863,304</u>

There were bonds and notes authorized but not issued of \$525,000 and \$-0- on December 31, 2022 and 2021. (Exhibit F-26)

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - PARKING UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized			
Surplus Anticipated	F-3	\$ 500,000	337,000
Parking Fees	F-3	1,292,127	\$ 966,503
Ground Lease	F-3	515,795	499,532
Non-Budget Revenues	F-3	102,713	10,504
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	F-12	349,040	396,374
Cancelled Prior Year Liabilities	F-17	11,171	242,615
		<u>2,770,846</u>	<u>2,452,528</u>
Expenditures			
Budget Appropriations			
Operating	F-4	865,000	915,000
Debt Service	F-4	348,675	317,941
Deferred Charges and Statutory Expenditures	F-4	37,000	37,000
		<u>1,250,675</u>	<u>1,269,941</u>
Excess in Revenues Over Expenditures		1,520,171	1,182,587
Adjustments to Income Before Fund Balance			
Expenditures Included Above Which by Statute are Required to be Raised in Subsequent Year Surplus to General Budget			
	F-1	<u>(675,000)</u>	<u>-</u>
Statutory Excess to Fund Balance		845,171	1,182,587
Fund Balance, Beginning of Year	F	<u>3,466,964</u>	<u>2,621,377</u>
		4,312,135	3,803,964
Decreased by:			
Utilized as Anticipated Revenue	F-3	500,000	337,000
Utilized as Anticipated Revenue - Current Fund	A-2	750,000	-
Fund Balance, End of Year	F	<u>\$ 3,062,135</u>	<u>\$ 3,466,964</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
PARKING UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, Beginning of Year	F	\$ 31,115	\$ 24,401
Increased by:			
Premium on Bond Anticipation Notes	F-5	<u>11,392</u>	<u>6,714</u>
Balance, End of Year	F	<u>\$ 42,507</u>	<u>\$ 31,115</u>

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
PARKING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Surplus Anticipated	F-1	\$ 500,000	\$ 500,000	
Parking Fees	F-1	900,000	1,292,127	\$ 392,127
Ground Lease	F-1	<u>526,000</u>	<u>515,795</u>	<u>(10,205)</u>
	F-4	<u>\$ 1,926,000</u>	<u>\$ 2,307,922</u>	<u>\$ 381,922</u>
Non-Budget Revenue			<u>102,713</u>	
			<u>\$ 2,410,635</u>	
 <u>Analysis of Realized Revenue:</u>				
<u>Parking Fees</u>				
Parking Enforcement			\$ 60,630	
Restitution			15,103	
Interest on Investments			<u>26,980</u>	
			<u>\$ 102,713</u>	
 <u>Non-Budget Revenue</u>				
Cash Receipts			\$ 102,315	
Due from Parking Utility Capital Fund			<u>398</u>	
			<u>\$ 102,713</u>	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
PARKING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 365,000	\$ 408,000	\$ 406,352	\$ 1,648	
Other Expenses	500,000	457,000	250,765	206,235	
Debt Service					
Payment of Bond Principal	185,000	185,000	185,000		
Payment on Bond Anticipation Notes	26,000	26,000	26,000		
Interest on Bonds	126,000	126,000	125,675		\$ 325
Interest on Notes	12,000	12,000	12,000		
Statutory Expenditures					
Contribution to Public Employees' Retirement System	12,000	12,000	12,000		
Social Security System (O.A.S.I.)	25,000	25,000	25,000		
Surplus (General Budget)	<u>675,000</u>	<u>675,000</u>	<u>675,000</u>	-	-
	<u>\$ 1,926,000</u>	<u>\$ 1,926,000</u>	<u>\$ 1,717,792</u>	<u>\$ 207,883</u>	<u>\$ 325</u>

Reference

F-3

F-1

F, F-1

Cash Disbursements	F-5	\$ 1,570,717
Encumbrances Payable	F-13	9,400
Accrued Interest on Bonds and Notes	F-15	<u>137,675</u>
		<u>\$ 1,717,792</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
ASSETS		
Land	\$ 13,925,600	\$ 13,925,600
Buildings and Building Improvements	20,703,540	19,390,348
Machinery and Equipment	<u>15,738,446</u>	<u>14,917,759</u>
Total Assets	<u>\$ 50,367,586</u>	<u>\$ 48,233,707</u>
 LIABILITIES AND RESERVES		
Investment in General Fixed Assets	<u>\$ 50,367,586</u>	<u>\$ 48,233,707</u>

The Accompanying Notes are an Integral Part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Rahway (the "City") was incorporated in 1858 and operates under the Faulkner Act, an elected Mayor and Council Plan B form of government. The Mayor and nine members of the City Council are elected to four-year terms. Six members of the Council are elected from each of six wards. Three Council members are elected at-large at the same time as the Mayor, two years after the ward seats are up for an election. Under the City's form of government, all executive and administrative authority is rested in the office of the Mayor, who is the Chief Executive Officer of the City. The City Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances. A Business Administrator is appointed by the Mayor and is responsible for the implementation of the policies of the Mayor and Council, the administration of all City affairs and for the day to day operations of the City. The Business Administrator is the Chief Administrator Officer of the City. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, water, sewer and parking services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. 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 City is not includable in any other reporting entity as a component unit.

The financial statements contained herein include only those boards, bodies, officers or commissions as required by NJS 40A:5-5. Accordingly, the financial statements of the City do not include the municipal library and or redevelopment agency, which are considered component units under GAAP. Complete financial statements of the above component units can be obtained by contacting the Treasurer of the respective entity.

B. Description of Regulatory Basis of Accounting

The financial statements of the City of Rahway have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB has adopted accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America. (GAAP). The municipalities in the State of New Jersey do not prepare financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

The City uses funds, as required by the Division, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial administration by segregating transactions related to certain City functions or activities. The City also uses an account group, which is designed to provide accountability for certain assets that are not recorded in those Funds.

The City has the following funds and account group:

Current Fund – This fund is used to account for the revenues and expenditures for governmental operations of a general nature and the assets and liabilities related to such activities, including Federal and State grants not accounted for in another fund.

Trust Funds - These funds are used to account for assets held by the government in a trustee capacity. Funds held by the City as an agent for individuals, private organizations, or other governments are recorded in the Trust Funds.

Animal Control Fund - This fund is used to account for fees collected from dog and cat licenses and expenditures which are regulated by NJS 4:19-15.11.

Community Development Trust Fund - This fund is used to account for grant proceeds, program income and related expenditures for Federal Block grant entitlements.

Other Trust Fund - This fund is established to account for the assets and resources, which are held by the City as a trustee or agent for individuals, private organizations, other governments and/or other funds. These funds include dedicated fees/proceeds collected, developer deposits, payroll related deposits and funds deposited with the City as collateral.

Self- Insurance Fund - This fund is used to account for the resources and expenditures for workers compensation and unemployment self-insurance claims and premiums.

General Capital Fund – This fund is used to account for the receipt and disbursement of funds used and related financial transactions related to the acquisition or improvement of general capital facilities and other capital assets, other than those acquired in the Current Fund.

Water Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the City's water utility and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the water utility is accounted for in the capital section of the fund.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. **Basis of Presentation – Financial Statements (Continued)**

Sewer Utility Fund - This fund is used to account for the revenues and expenditures for the operation of the City's sanitary sewerage system and the assets and liabilities relative to such activities. Acquisition or improvement of capital facilities and other capital assets for the sewer utility is accounted for in the capital section of the fund.

Parking Utility Fund – This fund is used to account for the revenues and expenditures for the operation of the City's parking facilities and services. Acquisition or improvement of capital facilities and other capital assets for the parking utility is accounted for in the capital section of the fund.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City, other than those accounted for in the water and sewer utility funds. The City's infrastructure is not reported in the account group.

Comparative Data - Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

Reclassifications - Certain reclassifications may have been made to the December 31, 2021 balances to conform to the December 31, 2022 presentation.

Financial Statements – Regulatory Basis

The GASB Codification also requires the financial statements of a governmental unit to be presented in the basic financial statements in accordance with GAAP. The City presents the regulatory basis financial statements listed in the table of contents which are required by the Division and which differ from the basic financial statements required by GAAP. In addition, the Division requires the regulatory basis financial statements listed in the table of contents to be referenced to the supplementary schedules. This practice differs from reporting requirements under GAAP.

D. **Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the accounting principles and practices prescribed by the Division in accordance with the regulatory basis of accounting. Measurement focus indicates the type of resources being measured. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The City of Rahway follows a modified accrual basis of accounting. Under this method of accounting, revenues, except State/Federal Aid, are recognized when received and expenditures are recorded when incurred. The accounting principles and practices prescribed or permitted for municipalities by the Division ("regulatory basis of accounting") differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. The more significant differences are as follows:

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. GAAP requires that all investments be reported at fair value.

Inventories - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires inventories to be recorded as assets in proprietary-type funds.

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. A penalty of up to 6% of the delinquency may be imposed on a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the fiscal year in which the charges become delinquent. The school levy is turned over to the Board of Education as expenditures are incurred, and the balance, if any, must be transferred as of June 30, of each fiscal year. County taxes are paid quarterly on February 15, May 15, August 15 and November 15, to the County by the City. When unpaid taxes or any municipal lien, or part thereof, on real property, remains in arrears on April first in the year following the calendar year levy when the same became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing the property on a standard tax sale. The City also has the option when unpaid taxes or any municipal lien, or part thereof, on real property remains in arrears on the 11th day of the eleventh month in the fiscal year when the taxes or lien became in arrears, the collector in the municipality shall, subject to the provisions of the New Jersey Statutes, enforce the lien by placing property on an accelerated tax sale, provided that the sale is conducted and completed no earlier than in the last month of the fiscal year. The City may institute annual in rem tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property. In accordance with the accounting principles prescribed by the State of New Jersey, current and delinquent taxes are realized as revenue when collected. Since delinquent taxes and liens are fully reserved, no provision has been made to estimate that portion of the tax receivable and tax title liens that are uncollectible. GAAP requires property tax revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both levied and available), reduced by an allowance for doubtful accounts.

Miscellaneous Revenues/Receivables - Miscellaneous revenues are recognized on a cash basis. Receivables for the miscellaneous items that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's Current Fund. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual (i.e., when they are both measurable and available).

Utility Revenues/Receivables - Water and sewer utility charges are levied quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Parking utility charges are based on rates approved by City ordinance. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the City's water, sewer and parking utility operating funds. GAAP requires such revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Grant and Similar Award Revenues/Receivables - Federal and State grants, entitlements or shared revenues received for purposes normally financed through the Current Fund are recognized when anticipated in the City's budget. GAAP requires such revenues to be recognized as soon as all eligibility requirements imposed by the grantor or provider have been met.

Property Acquired for Taxes - Property acquired for taxes is recorded in the Current Fund at the assessed valuation when such property was acquired, and is fully reserved. GAAP requires such property to be recorded as a capital asset in the government-wide financial statements at fair value on the date of acquisition.

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. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

Deferred Charges - Certain expenditures, operating deficits and other items are required to be deferred to budgets of succeeding years. GAAP requires expenditures, operating deficits and certain other items generally to be recognized when incurred, if measurable.

Funded and unfunded debt authorizations for general capital projects are also recorded as deferred charges and represent permanent long-term debt issues outstanding (funded) and temporary debt issues outstanding or unissued debt authorizations (unfunded), respectively. GAAP does not permit the recording of deferred charges for funded and unfunded debt authorizations.

Appropriation Reserves - Appropriation reserves are recorded as liabilities and are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

Expenditures - 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 an encumbrance accounting system. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements. Unexpended or uncommitted appropriations, at December 31, are reported as expenditures through the establishment of appropriation reserves unless cancelled by the governing body. GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgements, which are recognized when due.

Encumbrances - Contractual orders outstanding at December 31, are reported as expenditures and liabilities through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures or liabilities under GAAP.

Compensated Absences - Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations are recorded as a long-term obligation in the government-wide financial statements.

**CITY OF RAHWAY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Tax Appeals and Other Contingent Losses - Losses arising from tax appeals and other contingent losses are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. GAAP requires such amounts to be recorded when it is probable that a loss has been incurred and the amount of such loss can be reasonably estimated.

Reserve for Uncollected Taxes – Reserve for Uncollected Taxes is a non-spending budget appropriation account required to provide assurance that cash collected for property taxes levied in the current year will provide sufficient cash flow to meet expected budgetary obligations. The minimum amount required to be budgeted in Reserve for Uncollected Taxes is determined utilizing the actual percentage of property taxes collected in the immediate preceding budget year, unless allowable alternative methods are utilized with the approval of the Division. A Reserve for Uncollected Taxes is not established or required under GAAP.

Pensions – The City appropriates in its annual budget the amount required to be paid for pension contributions as determined by the State administered pension systems. Under the regulatory basis of accounting the City is only required to disclose in the Notes to the Financial Statements it’s share of the actuarially determined net pension liabilities, deferred outflow of resources, deferred inflow of resources and pension expense (benefit) related to the State administered pension system. GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

Other Post-Employment Benefits (OPEB) – The City funds its employer paid post-retirement medical benefits on a pay-as-you-go basis. Under the regulatory basis of accounting the City is only required to disclose in the Notes to the Financial Statements it’s actuarially determined net OPEB liability, deferred outflow of resources, deferred inflow of resources and OPEB expense (benefit). GAAP requires these actuarially determined amounts to be reported in the government-wide financial statements.

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the City of Rahway has developed a fixed assets accounting and reporting system. Fixed assets are defined by the City as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years.

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, and streets and sidewalks are not capitalized.

General Fixed Assets purchased after January 1, 2020 are stated as cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to January 1, 2020 are stated as follows:

Land	Assessed Value
Buildings and Improvements	Estimated Historical Cost
Machinery and Equipment	Estimated Historical Cost

No depreciation has been provided for in the financial statements.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

General Fixed Assets (Continued)

Expenditures for construction in progress are recorded in the General Capital Fund until such time as the construction is completed and put into operation for general fixed assets.

Accounting for utility fund "fixed capital" remains unchanged under NJAC 5:30-5.6.

Property and equipment purchased by the water, sewer and parking utility funds are recorded in the capital account at cost and are adjusted for disposition and abandonment. The amounts shown do not purport to represent reproduction costs or current value. Contributions in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the Utility Capital Funds represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

GAAP requires that capital assets be recorded in proprietary-type funds as well as the government-wide financial statement at historical or estimated historical cost if actual historical cost is not available. In addition, GAAP requires depreciation on capital assets to be recorded in proprietary-type funds as well as in the government-wide financial statements.

Use of Estimates - The preparation of financial statements requires management of the City to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of accrued revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting - An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the City and approved by the State Division of Local Government Services as per N.J.S.A. 40A:4 et seq.

The City is not required to adopt budgets for the following funds:

Trust Funds
General Capital Fund
Utility Capital Funds

The City must prepare its budget in compliance with applicable laws limiting or capping the amounts by which both the budget appropriations and the municipal tax levy can increase in the annual budget.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgets and Budgetary Accounting (Continued)

1977 Appropriation "CAP": The 1977 Appropriation Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.1 through 4-45.43a. The law was originally adopted in 1976 and was most recently amended in 2003. Under this law, the City is permitted to increase its overall appropriations (with certain exceptions) by 2.5% or the "cost of living adjustment" (COLA), whichever is less. The COLA is calculated based on the Implicit Price Deflator for Local Governments computed by the U.S. Department of Commerce. The City can, when the COLA is less than or equal to 2.5%, increase its allowable inside-the-cap appropriations to 3.5%, upon adoption of a COLA Rate Ordinance by the governing body and beyond 3.5% upon voter passage of a referendum.

2010 Levy "CAP": The 2010 Levy Cap is calculated using the formulas and provisions of N.J.S.A. 40A:4-45.44 through 45.47. It established limits on the increase in the total amount to be raised by taxation for municipal purposes (municipal tax levy). The core of the levy cap formula is a 2% increase to the previous year's amount to be raised by taxation for municipal purposes, exclusive of certain appropriations and allowable adjustments and extraordinary costs related to a declared emergency. Voter approval may be requested to increase the municipal tax levy by more than the allowable adjusted tax levy.

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2022 and 2021, the City increased the original budget by \$1,500,000 and \$339,253, respectively. For 2022, the increase was funded by a special emergency authorization for terminal pay. For 2021, the increase was funded by additional aid allotted to the City. In addition, the governing body approved several budget transfers during 2022 and 2021.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

The City considers petty cash, change funds, cash in banks, certificates of deposit and deposits with the New Jersey Cash Management Fund as cash and cash equivalents.

A. Cash Deposits

The City's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The City is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC or NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, bail funds, withholdings from an employee's salary or funds which may pass to the local government upon the happening of a future condition.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

A. Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2022 and 2021, the book value of the City's deposits were \$52,544,383 and \$49,433,085 and bank and brokerage firm balances of the City's deposits amounted to \$53,150,683 and \$50,428,295, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Insured	\$ 48,701,166	\$ 47,341,828
Uninsured and Collateralized	4,449,517	3,086,467
	<u>\$ 53,150,683</u>	<u>\$ 50,428,295</u>

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 City does not have a formal policy for custodial credit risk. As of December 31, 2022 and 2021, none of the City's bank balances were not exposed to custodial credit risk. As of December 31, 2022 and 2021, the City's bank balances of \$4,449,517 and \$3,086,467 were exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized		
Collateral held by pledging financial institution's trust department but not in the City's name	\$ 4,449,517	\$ 3,086,467

B. Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the City or bonds or other obligations of the school districts which are a part of the City or school districts located within the City, bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law, " (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e).

As of December 31, 2022 and 2021 the City had no outstanding investments.

Interest earned in the General Capital Fund, Animal Control Fund and certain Other Trust Funds are assigned to the Current Fund in accordance with the regulatory basis of accounting. Interest earned in the Utility Capital Funds are assigned to the Utility Operating Funds in accordance with the regulatory basis of accounting.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 4 TAXES AND UTILITY CHARGES RECEIVABLE

Receivables at December 31, 2022 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>
<u>2022</u>					
Property Taxes	\$ 1,566,801				\$ 1,566,801
Tax Title Liens	630,679				630,679
Utility Rents	-	\$ 1,438,560	\$ 596,684		2,035,244
	<u>\$ 2,197,480</u>	<u>\$ 1,438,560</u>	<u>\$ 596,684</u>		<u>\$ 4,232,724</u>

In 2022, the City collected \$1,433,383 and \$2,365,113 from delinquent taxes and utility charges and fees, which represented 72% of the delinquent tax and 100% of the water and sewer charges receivable at December 31, 2021.

Receivables at December 31, 2021 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u>	<u>Sewer</u>	<u>Total</u>
<u>2021</u>					
Property Taxes	\$ 1,277,495				\$ 1,277,495
Tax Title Liens	707,235				707,235
Utility Rents	-	\$ 1,614,126	\$ 750,987		2,365,113
	<u>\$ 1,984,730</u>	<u>\$ 1,614,126</u>	<u>\$ 750,987</u>		<u>\$ 4,349,843</u>

In 2021, the City collected \$1,884,999 and \$1,947,137 from delinquent taxes and utility charges and fees, which represented 76% of the delinquent tax and 100% of the water and sewer charges receivable at December 31, 2020.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 5 DUE TO/FROM OTHER FUNDS

As of December 31, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>2022</u>		<u>2021</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 258,081	\$ 5,072,449	\$ 1,419,322	\$ 9,966,172
Trust Fund:				
Animal Control		11,198		6,900
Community Development		1,142,052		594,052
Other Trust	2,060,139	18,630	774,583	
Self Insurance	18,630	56		45,087
General Capital Fund	4,170,452	36,960	8,065,354	759,712
Water Utility Fund:				
Operating	1,315,184	5,602,309	4,233,845	3,813,927
Capital	4,376,385	1,354,582		3,801,121
Sewer Utility Fund:				
Operating	1,226,380	186,519	3,814,398	1,452,513
Capital	36,960	456	1,520,154	90,369
Parking Utility Fund:				
Operating	541,082	37,000	1,089,483	772,500
Capital	-	541,082	951,898	566,684
Total	<u>\$ 14,003,293</u>	<u>\$ 14,003,293</u>	<u>\$ 21,869,037</u>	<u>\$ 21,869,037</u>

The above balances are the result of expenditures being paid by one fund on behalf of another and/or to cover cash balances which were in an overdraft position.

The City expects all interfund balances to be liquidated within one year.

**CITY OF RAHWAY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures or other items are required to be deferred to budgets of succeeding years. At December 31, the following deferred charge is reported on the Current Fund balance sheet:

	<u>Balance December 31</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2022</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 2,980,000	\$ 670,000	\$ 2,310,000

	<u>Balance December 31</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2021</u>			
Current Fund			
Special Emergency Authorizations (40A:4-55)	\$ 1,850,000	\$ 370,000	\$ 1,480,000
General Capital Fund			
Overexpenditure of Ordinance	468,089	468,089	
Water Utility Operating Fund			
Overexpenditure of Appropriations	135,022	135,022	
Sewer Utility Operating Fund			
Overexpenditure of Appropriations	483,639	483,639	

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 7 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund and Utility Operating Funds are comprised of cash surplus (fund balance) and non-cash surplus (fund balance). All or part of cash surplus as of December 31 may be anticipated in the subsequent year’s budget. The non-cash surplus portion of fund balance may be utilized in the subsequent year’s budget with the prior written consent of the Director of the Division of Local Government Services if certain guidelines are met as to its availability. Fund balances at December 31, which were appropriated and included as anticipated revenue in their own respective fund’s budget for the succeeding year were as follows:

	2022		2021	
	Fund Balance December 31	Utilized in Subsequent Year's Budget	Fund Balance December 31	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 7,667,969	\$ 3,000,000	\$ 6,844,448	\$ 3,000,000
Non-Cash Surplus	<u>2,092,691</u>	<u>-</u>	<u>2,616,900</u>	<u>-</u>
	<u>\$ 9,760,660</u>	<u>\$ 3,000,000</u>	<u>\$ 9,461,348</u>	<u>\$ 3,000,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 5,804,292	130,000	\$ 5,199,650	135,022
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>135,022</u>	<u>-</u>
	<u>\$ 5,804,292</u>	<u>130,000</u>	<u>\$ 5,334,672</u>	<u>135,022</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 2,147,496	\$ 551,748	\$ 2,222,135	\$ 854,639
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>483,639</u>	<u>-</u>
	<u>\$ 2,147,496</u>	<u>\$ 551,748</u>	<u>\$ 2,705,774</u>	<u>\$ 854,639</u>
Parking Utility Operating Fund				
Cash Surplus	\$ 3,062,135	\$ 500,000	\$ 3,466,964	\$ 500,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,062,135</u>	<u>\$ 500,000</u>	<u>\$ 3,466,964</u>	<u>\$ 500,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8 FIXED ASSETS

A. General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2022 and 2021.

	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Land	\$ 13,925,600			\$ 13,925,600
Buildings and Improvements	19,390,348	\$ 1,313,192		20,703,540
Machinery and Equipment	14,917,759	820,687	-	15,738,446
	<u>\$ 48,233,707</u>	<u>\$ 2,133,879</u>	<u>\$ -</u>	<u>\$ 50,367,586</u>
	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Land	\$ 13,925,600			\$ 13,925,600
Buildings and Improvements	18,708,881	\$ 681,467		19,390,348
Machinery and Equipment	14,712,115	205,644	-	14,917,759
	<u>\$ 47,346,596</u>	<u>\$ 887,111</u>	<u>\$ -</u>	<u>\$ 48,233,707</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets

The following is a summary of changes in the utility fund fixed assets for the years ended December 31, 2022 and 2021.

<u>Water Utility Fund</u>	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
System and System Improvements	\$ 34,146,792			\$ 34,146,792
Land, Plant, Building and Building				
Improvements	21,383,462			21,383,462
Vehicles and Equipment	<u>573,836</u>	<u>-</u>	<u>-</u>	<u>573,836</u>
	<u>\$ 56,104,090</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 56,104,090</u>
	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
System and System Improvements	\$ 34,146,792			\$ 34,146,792
Land, Plant, Building and Building				
Improvements	21,383,462			21,383,462
Vehicles and Equipment	<u>573,836</u>	<u>-</u>	<u>-</u>	<u>573,836</u>
	<u>\$ 56,104,090</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 56,104,090</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 8 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets (Continued)

<u>Sewer Utility Fund</u>	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
System and System Improvements	\$ 4,205,428	\$ -	-	\$ 4,205,428
	Balance December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
System and System Improvements	\$ 4,205,428	\$ -	-	\$ 4,205,428
<u>Parking Utility Fund</u>	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
<u>2022</u>				
Fixed Capital				
Land and Buildings	\$ 9,679,164			\$ 9,679,164
Parking Lots and Improvements	970,666			970,666
Machinery and Equipment	540,566	-	-	540,566
	<u>\$ 11,190,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,190,396</u>
	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
Land and Buildings	\$ 9,679,164			\$ 9,679,164
Parking Lots and Improvements	970,666			970,666
Machinery and Equipment	540,566	-	-	540,566
	<u>\$ 11,190,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,190,396</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for both general capital and utility capital fund projects and acquisitions or other purposes permitted by the Local Bond Law. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the City are general obligation bonds, backed by the full faith and credit of the City. Bond anticipation notes, which are issued to temporarily finance capital projects and acquisitions or other purposes permitted by the Local Bond Law, must be paid off within ten years and four months or retired by the issuance of bonds.

The City's debt is summarized as follows:

	<u>2022</u>	<u>2021</u>
Issued		
General		
Bonds, Notes and Loans	\$ 47,615,832	\$ 50,358,391
Water Utility		
Bonds, Notes and Loans	27,113,248	24,131,145
Sewer Utility		
Bonds, Notes and Loans	4,177,949	4,192,983
Parking Utility		
Bonds and Notes	<u>3,434,000</u>	<u>3,645,000</u>
	82,341,029	82,327,519
Less Funds Temporarily Held to Pay Bonds and Notes	<u>645,540</u>	<u>812,475</u>
Net Debt Issued	81,695,489	81,515,044
Authorized But Not Issued		
General		
Bonds and Notes	10,255,422	6,722,595
Water Utility		
Bonds and Notes	6,630,912	10,005,912
Sewer Utility		
Bonds and Notes	2,824,248	2,324,248
Parking Utility		
Bonds and Notes	<u>525,000</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 101,931,071</u>	<u>\$ 100,567,799</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of City's Annual Debt Statement and indicates a statutory net debt of 1.83% and 1.87% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 59,040,009	\$ 645,540	\$ 58,394,469
School Debt	49,419,000	49,419,000	
Utility Debt	44,707,356	44,496,719	210,637
Debt Guarantees (Note 9)	<u>2,470,000</u>	<u>2,470,000</u>	<u>-</u>
Total	<u>\$ 155,636,365</u>	<u>\$ 97,031,259</u>	<u>\$ 58,605,106</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 57,080,986	\$ 812,475	\$ 56,268,511
School Debt	50,729,000	50,729,000	
Utility Debt	44,299,289	43,957,156	342,133
Debt Guarantees (Note 9)	<u>3,490,000</u>	<u>3,490,000</u>	<u>-</u>
Total	<u>\$ 152,109,275</u>	<u>\$ 95,498,631</u>	<u>\$ 56,610,644</u>

Statutory Borrowing Power

The City's remaining borrowing power under N.J.S. 40A:2-6, as amended, at December 31, was as follows:

	<u>2022</u>	<u>2021</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 112,315,185	\$ 105,798,623
Less: Net Debt	<u>58,605,106</u>	<u>56,610,644</u>
Remaining Borrowing Power	<u>\$ 53,710,079</u>	<u>\$ 49,187,979</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

The City's long-term debt consisted of the following at December 31:

General Obligation Bonds

The City levies ad valorem taxes to pay debt service on general obligation bonds. General obligation bonds outstanding at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
\$4,994,538, 2012 Refunding Bonds due in an annual installment of \$493,185 on December 1, 2023 interest at 2.625%	\$ 493,184	\$ 994,728
\$7,425,000, 2013 Bonds, due in annual installments of \$385,000 to \$515,000 through September 15, 2032, interest at 3.00% to 4.00%	4,410,000	4,785,000
\$1,720,000, 2014 Refunding Bonds, due in an annual installment of \$270,000 on June 15, 2023 interest at 4.00%	270,000	520,000
\$9,460,000, 2015 Bonds, due in annual installments of \$650,000 to \$700,000 through August 1, 2013, interest at 3.00% to 4.00%	6,120,000	6,770,000
\$4,463,056, 2015 Refunding Bonds, due in annual installments of \$476,780 to \$486,611 through October 1, 2024, interest at 4.00%	963,391	1,440,171
\$8,627,000, 2016 Bonds, due in annual installments of \$500,000 to \$797,000 through August 1, 2031, interest at 3.00% to 4.00%.	6,102,000	6,602,000
\$11,683,178, 2016 Refunding Bonds, due in annual installments of \$670,000 to \$1,175,180 through April 15, 2030, interest at 4.00%.	7,357,788	8,532,968
\$3,875,000, 2019 General Obligation Bonds, due in annual installments of \$270,000 to \$430,000 through July 15, 2031, interest at 2.50% to 4.00%.	3,180,000	3,430,000
\$5,215,000, 2020 General Obligation Bonds, due in annual installments of \$430,000 to \$660,000 through July 15, 2030, interest at 2.00% to 4.00%.	4,480,000	4,885,000
\$7,330,000, 2022 General Obligation Bonds, due in annual installments of \$250,000 to \$500,000 through July 15, 2039, interest at 3.00% to 4.00%.	7,330,000	-
	<u>\$ 40,706,363</u>	<u>\$ 37,959,867</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The City has entered into loan agreements with the State of New Jersey for the financing relating to the various projects within the City. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2022</u>	<u>2021</u> <u>(Restated)</u>
\$290,876, Waterfront Park Loan due in Semi-annual installments of \$1,048 to \$17,721 through March, 2031, interest at 0%	\$ 95,943	\$ 112,664
\$477,200, 2006 Green Acres Loan due in Semi-annual installments of \$13,499 to \$14,690 through August, 2026, interest at 2.00%	<u>113,526</u>	<u>141,524</u>
	<u>\$ 209,469</u>	<u>\$ 254,188</u>

Utility Bonds

The City pledges revenue from operations to pay debt service on utility bonds issued. The water, sewer and parking utility bonds outstanding at December 31 are as follows:

Water Utility

	<u>2022</u>	<u>2021</u>
\$1,670,000, 2014 Refunding Bonds, due in an annual installment of \$265,000 on June 15, 2023, interest at 4.0%	\$ 265,000	\$ 505,000
\$4,714,000, 2018 Bonds, due in annual installments of \$160,000 to \$280,000 through June 25, 2038, interest at 2.5% to 5.0%	4,124,000	4,279,000
\$3,900,000, 2019 Bonds, due in annual installments of \$160,000 to \$250,000 through July 15, 2039, interest at 2.0% to 4.0%	<u>3,475,000</u>	<u>3,625,000</u>
	<u>\$ 7,864,000</u>	<u>\$ 8,409,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Bonds (Continued)

Sewer Utility	<u>2022</u>	<u>2021</u>
Allocated \$980,462, 2012 Refunding Bonds, due in an annual installment of \$96,816 on December 1, 2023 interest at 2.625%	\$ 96,816	\$ 195,272
Allocated \$76,944, 2015 Refunding Bonds, due in annual installments of \$8,220 to \$8,389 through October 1, 2024 interest at 4.00%	16,609	24,829
Allocated \$251,822, 2016 Refunding Bonds, due in annual installments of \$23,269 to \$24,820 through April 15, 2026, interest at 2.00% to 4.00%	97,212	122,032
\$2,275,000, 2019 Bonds due in annual installments of \$100,000 to \$130,000 through July 15, 2038, interest at 2.00% to 4.00%	2,020,000	2,105,000
\$1,848,000, 2022 Sewer Bonds due in annual installments of \$110,000 to \$175,000 through July 15, 2035, interest at 3.00% to 4.00%	<u>1,848,000</u>	<u>-</u>
	<u>\$ 4,078,637</u>	<u>\$ 2,447,133</u>

Parking Utility

	<u>2022</u>	<u>2021</u>
\$3,335,000 2018 Revenue Refunding Bonds, due in annual installments of \$185,000 to \$300,000 through November 15, 2033 interest at 4.5%	<u>\$ 2,630,000</u>	<u>\$ 2,815,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Intergovernmental Loans Payable

The City has entered into loan agreements with the State of New Jersey for the financing relating to the improvement of the City's water and sewer infrastructure. The City pledges revenue from operations to pay debt service on utility intergovernmental loans issued. Utility intergovernmental loans outstanding of the sewer utility at December 31 are as follows:

Water Utility	<u>2022</u>	<u>2021</u>
\$1,832,129, 2017 Environmental Infrastructure Fund Loan, due in semi- annual installments of \$31,053 to \$62,106, through August 1, 2036, interest free.	\$ 1,304,227	\$ 1,397,387
\$605,000, 2017 Environmental Infrastructure Trust Loan, due in annual installments of \$25,000 to \$45,000, through August 1, 2036, interest at 3.0% to 5.0%.	490,000	515,000
\$9,578,797, 2018 Environmental Infrastructure Fund Loan, due in semi- annual installments of \$134,912 to \$269,825, through August 1, 2041, interest free.	7,690,021	8,094,758
\$3,210,000, 2018 Environmental Infrastructure Trust Loan, due in annual installments of \$95,000 to \$200,000, through August 1, 2041, interest at 3.0% to 5.0%.	<u>2,840,000</u>	<u>2,940,000</u>
	<u>\$ 12,324,248</u>	<u>\$ 12,947,145</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Intergovernmental Loans Payable (Continued)

Sewer Utility	<u>2022</u>	<u>2021</u>
\$996,505, 2002 Environmental Infrastructure Fund Loan, due in semi-annual installments of \$1,216 to \$52,409 through August 1, 2022, interest free		\$ 53,623
\$21,010,000, 2002 Environmental Infrastructure Trust Loan, due in annual installments of \$71,402 to \$76,199 through August 1, 2022, interest at 4.75% to 5.00%		76,199
\$257,017, 2010 Environmental Infrastructure Fund Loan, due in semi-annual installments of \$4,590 to \$9,179 through August 1, 2029, interest free	\$ 68,441	82,210
\$91,953, 2010 Environmental Infrastructure Trust Loan, due in annual installments of \$3,291 to \$5,937 through August 1, 2029, interest at 4.25%	<u>30,871</u>	<u>35,818</u>
	<u>\$ 99,312</u>	<u>\$ 247,850</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2022 is as follows:

Calendar Year	<u>General Capital</u>		<u>Water Utility</u>		<u>Sewer Utility</u>		<u>Parking Utility</u>		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2023	\$ 4,955,237	\$ 1,392,215	\$ 1,212,897	\$ 368,916	\$ 361,914	\$ 144,325	\$ 185,000	\$ 118,350	\$ 8,738,854
2024	4,462,775	1,225,165	1,052,897	344,066	282,115	133,880	200,000	110,026	7,810,924
2025	4,042,077	1,061,763	1,067,897	318,391	273,575	123,171	210,000	101,025	7,197,898
2026	4,133,687	924,524	1,087,897	293,479	287,751	113,042	220,000	91,575	7,151,955
2027	3,882,720	790,192	1,097,897	272,932	274,304	102,786	225,000	81,675	6,727,506
2028-2032	16,034,337	1,990,196	5,674,485	1,054,463	1,408,291	353,197	1,290,000	246,825	28,051,794
2033-2037	2,405,000	470,538	5,846,326	553,775	1,160,000	110,550	300,000	13,500	10,859,688
2038-2042	1,000,000	60,000	3,147,952	93,571	130,000	3,900	-	-	4,435,423
	<u>\$ 40,915,832</u>	<u>\$ 7,914,593</u>	<u>\$ 20,188,248</u>	<u>\$ 3,299,593</u>	<u>\$ 4,177,949</u>	<u>\$ 1,084,851</u>	<u>\$ 2,630,000</u>	<u>\$ 762,976</u>	<u>\$ 80,974,042</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees

Rahway Redevelopment Agency-Public Library Project

The Rahway Redevelopment Agency (the “Agency”) is a public body corporate and politic created by the City pursuant to the Redevelopment Law by adoption of an ordinance on January 5, 2001. The City has designated the Agency as redeveloper of a public/private project to construct and operate a new free public library for the City’s use. In connection with said project, the Agency on October 29, 2001 issued \$12,000,000 City-secured Public Library project notes. Such project notes were subsequently refunded on October 17, 2002 by the issuance of \$4,665,000 City-secured Public Library Revenue Bonds, Series 2002 and \$5,780,000 City-secured Public Library Project Notes, Series 2002. The Series 2002 notes were then refunded on October 29, 2003 by the issuance of \$3,500,000 City-secured Public Library Project Notes, Series 2003. The Series 2003 notes were refunded on October 29, 2004 by the issuance of \$2,000,000 City-secured Public Library Revenue Bonds, Series 2004, and \$2,500,000 City-secured Public Library Project Notes, Series 2004. The Series 2004 Project Notes were subsequently retired on October 29, 2005 from grant proceeds received as part of the Library project. The Series 2002 bonds were refunded in 2012 through the issuance of \$4,505,000 City-Secured Public Library Revenue Refunding Bonds. The Series 2004 bonds were refunded in 2014 through the issuance of \$1,260,000 City-Secured Public Library Revenue Refunding Bonds. Said bonds and notes are secured through a “Use, Occupancy and Capital Grant Agreement” (the “Agreement”), between the Rahway Redevelopment Agency and the City of Rahway.

The obligation of the City to pay grants and to pay all other amounts provided for under the agreement and to perform its obligations under the Agreement shall be absolute and unconditional.

The cost and expense of the performance by the City of its obligations under this Capital Grant Agreement and the incurrence of any liabilities of the City under this Capital Grant Agreement, including, without limitation, the obligation for the payment of all Basic Grants and additional Grants and all other amounts required to be paid by the City under this Capital Grant Agreement, is a direct, general and irrevocable obligation, full faith and credit pledge of the City for which the City is obligated to make any required payments under this Capital Grant Agreement out of the first funds becoming legally available for such purpose, and to provide funds for such payments, if not otherwise available, from the levy of ad valorem taxes upon all the taxable property in the City without limitation as to rate or amount, which obligation is not subject to appropriation. As of December 31, 2022 and 2021, the Agency had outstanding \$285,000 and \$960,000, respectively, subject to the City guarantee.

Rahway Redevelopment Agency – Arts District Extension

On September 15, 2008, the Rahway Redevelopment Agency issued \$5,950,000 in tax exempt project notes and \$1,550,000 in taxable project notes. The notes, which are guaranteed by the City, were used to (i) refund the \$4,000,000 principal balloon payment due on the UCIA loan; (ii) provide \$3,500,000 for the design and construction of an outdoor amphitheater in the Rahway Arts District; and (iii) pay costs associated with the issuance of such notes. These notes were renewed for an additional year on September 15, 2009 and again on September 15, 2010. On September 8, 2011, the Agency issued \$5,075,000 in City-secured Arts District Extension Revenue Bonds. As of December 31, 2022 and 2021, the Agency had outstanding \$2,185,000 and \$2,525,000, respectively, subject to City guarantee.

CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years ended December 31, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
General Capital Fund:					
Bonds Payable	\$ 37,959,867	\$ 7,330,000	\$ 4,583,504	\$ 40,706,363	\$ 4,909,976
Intergovernmental Loans Payable:					
Green Acres Loans	<u>254,188</u>	<u>-</u>	<u>44,719</u>	<u>209,469</u>	<u>45,261</u>
General Capital Fund Long-Term Liabilities	<u>\$ 38,214,055</u>	<u>\$ 7,330,000</u>	<u>\$ 4,628,223</u>	<u>\$ 40,915,832</u>	<u>\$ 4,955,237</u>
Water Utility Capital Fund:					
Bonds Payable	\$ 8,409,000		\$ 545,000	\$ 7,864,000	\$ 585,000
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>12,947,145</u>	<u>-</u>	<u>622,897</u>	<u>12,324,248</u>	<u>627,897</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 21,356,145</u>	<u>\$ -</u>	<u>\$ 1,167,897</u>	<u>\$ 20,188,248</u>	<u>\$ 1,212,897</u>
Sewer Utility Capital Fund:					
Bonds Payable	\$ 2,447,133	\$ 1,848,000	\$ 216,496	\$ 4,078,637	\$ 343,024
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>247,850</u>	<u>-</u>	<u>148,538</u>	<u>99,312</u>	<u>18,890</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 2,694,983</u>	<u>\$ 1,848,000</u>	<u>\$ 365,034</u>	<u>\$ 4,177,949</u>	<u>\$ 361,914</u>
Parking Utility Capital Fund:					
Bonds Payable	\$ 2,815,000	-	\$ 185,000	\$ 2,630,000	\$ 185,000
Parking Utility Capital Fund Long-Term Liabilities	<u>\$ 2,815,000</u>	<u>\$ -</u>	<u>\$ 185,000</u>	<u>\$ 2,630,000</u>	<u>\$ 185,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
General Capital Fund:					
Bonds Payable	\$ 42,361,302		\$ 4,401,435	\$ 37,959,867	\$ 4,583,504
Intergovernmental Loans Payable:					
Green Acres/Waterfront Park Loans	<u>167,990</u>	<u>-</u>	<u>26,466</u>	<u>141,524</u>	<u>26,998</u>
General Capital Fund Long-Term Liabilities	<u>\$ 42,529,292</u>	<u>\$ -</u>	<u>\$ 4,427,901</u>	<u>\$ 38,101,391</u>	<u>\$ 4,610,502</u>
Water Utility Capital Fund:					
Bonds Payable	\$ 8,944,000		\$ 535,000	\$ 8,409,000	\$ 545,000
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>13,565,042</u>	<u>-</u>	<u>617,897</u>	<u>12,947,145</u>	<u>622,897</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 22,509,042</u>	<u>\$ -</u>	<u>\$ 1,152,897</u>	<u>\$ 21,356,145</u>	<u>\$ 1,167,897</u>
Sewer Utility Capital Fund:					
Bonds Payable	\$ 2,665,698		\$ 218,565	\$ 2,447,133	\$ 216,496
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>390,637</u>	<u>-</u>	<u>142,787</u>	<u>247,850</u>	<u>148,540</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 3,056,335</u>	<u>\$ -</u>	<u>\$ 361,352</u>	<u>\$ 2,694,983</u>	<u>\$ 365,036</u>
Parking Utility Capital Fund:					
Bonds Payable	\$ 2,990,000	<u>-</u>	\$ 175,000	\$ 2,815,000	\$ 185,000
Parking Utility Capital Fund Long-Term Liabilities	<u>\$ 2,990,000</u>	<u>\$ -</u>	<u>\$ 175,000</u>	<u>\$ 2,815,000</u>	<u>\$ 185,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2022 and 2021 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2021	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2022
2022						
<u>General Capital Fund</u>						
		<u>Purpose</u>				
	1.00%	7/28/2022	\$ 2,141,423		\$ 2,141,423	
	1.00%	7/28/2022	476,190		476,190	
	1.00%	7/28/2022	1,662,500		1,662,500	
	1.00%	7/28/2022	85,137		85,137	
	1.00%	7/28/2022	261,250		261,250	
	1.00%	7/28/2022	2,000,000		2,000,000	
	1.00%	7/28/2022	142,500		142,500	
	1.00%	7/28/2022	1,006,000		1,006,000	
	3.50%	7/28/2023	510,000	\$ 510,000	510,000	\$ 510,000
	3.50%	7/28/2023	1,200,000	1,200,000	1,200,000	1,200,000
	3.50%	7/28/2023	300,000	300,000	300,000	300,000
	3.50%	7/28/2023	1,200,000	1,171,956	1,200,000	1,171,956
	3.50%	7/28/2023	710,000	710,000	710,000	710,000
	3.50%	7/28/2023	120,000	120,000	120,000	120,000
	3.50%	7/28/2023	442,000	665,000	442,000	665,000
	3.50%	7/28/2023	-	2,023,044	-	2,023,044
			<u>12,257,000</u>	<u>6,700,000</u>	<u>12,257,000</u>	<u>6,700,000</u>
2022						
<u>Water Utility Capital Fund</u>						
		<u>Purpose</u>				
	3.50%	7/28/2023	\$ 400,000	\$ 925,000	\$ 400,000	\$ 925,000
	3.50%	7/28/2023	1,575,000	3,500,000	1,575,000	3,500,000
	3.50%	7/28/2023	800,000	2,500,000	800,000	2,500,000
			<u>2,775,000</u>	<u>6,925,000</u>	<u>2,775,000</u>	<u>6,925,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

2022

Sewer Utility Capital Fund

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2021</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2022</u>
Kline/Madison Sewer Improvements	1.00%	7/28/2022	\$ 200,000		\$ 200,000	
Various Sewer Utility Improvements	1.00%	7/28/2022	798,000		798,000	
Repair of Sink Holes	1.00%	7/28/2022	500,000	-	500,000	-
			<u>1,498,000</u>	<u>-</u>	<u>1,498,000</u>	<u>-</u>

Parking Utility Capital Fund

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2021</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2022</u>
Various Parking Utility Capital Acquisitions and Improvements	3.50%	7/28/2023	\$ 750,000	\$ 724,000	\$ 750,000	\$ 724,000
Purchase and Acquisition of Electric Vehicles	3.50%	7/28/2023	80,000	80,000	80,000	80,000
			<u>830,000</u>	<u>804,000</u>	<u>830,000</u>	<u>804,000</u>

Total Bond Anticipation Notes

\$ 17,360,000 \$ 14,429,000 \$ 17,360,000 \$ 14,429,000

<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2020</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
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2021

General Capital Fund

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	<u>Balance, December 31, 2020</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance, December 31, 2021</u>
Madden Field Improvements	1.00%	7/28/2022	\$ 2,141,423	\$ 2,141,423	2,141,423	\$ 2,141,423
Improvements to Monroe Street	1.00%	7/28/2022	476,190	476,190	476,190	476,190
Various Road Improvements	1.00%	7/28/2022	1,662,500	1,662,500	1,662,500	1,662,500
Acquisition of Real Property	1.00%	7/28/2022	85,137	85,137	85,137	85,137
Acquisition of Fire Department Equipment	1.00%	7/28/2022	261,250	261,250	261,250	261,250
Aid to a Redevelopment Project	1.00%	7/28/2022	2,000,000	2,000,000	2,000,000	2,000,000
Purchase of Buses for Senior Citizen Transportation	1.00%	7/28/2022	142,500	142,500	142,500	142,500
Various Capital Improvements	1.00%	7/28/2022	1,006,000	1,006,000	1,006,000	1,006,000
Acquisition of Property	1.00%	7/28/2022		510,000		510,000
2020 Road Improvement Program	1.00%	7/28/2022		1,200,000		1,200,000
Improvements to Madden Field	1.00%	7/28/2022		300,000		300,000
Various 2020 Capital Acquisitions & Improvements	1.00%	7/28/2022		1,200,000		1,200,000
Purchase of Ambulance and 911 Command Center	1.00%	7/28/2022		710,000		710,000
Purchase and Installation of Outdoor Shelters	1.00%	7/28/2022		120,000		120,000
Acquisition of Equipment, Vehicle and Fire Rescue Truck	1.00%	7/28/2022	-	442,000	-	442,000
			<u>\$ 7,775,000</u>	<u>\$ 12,257,000</u>	<u>\$ 7,775,000</u>	<u>\$ 12,257,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2020	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2021
<u>2021</u>						
<u>Water Utility Capital Fund</u>						
		<u>Purpose</u>				
	1.00%	7/28/2022	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
	1.00%	7/28/2022	600,000	1,575,000	600,000	1,575,000
	1.00%	7/28/2022	-	800,000	-	800,000
			<u>1,000,000</u>	<u>2,775,000</u>	<u>1,000,000</u>	<u>2,775,000</u>
<u>2021</u>						
<u>Sewer Utility Capital Fund</u>						
		<u>Purpose</u>				
	1.00%	7/28/2022	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
	1.00%	7/28/2022	798,000	798,000	798,000	798,000
	1.00%	7/28/2022	500,000	500,000	500,000	500,000
			<u>1,498,000</u>	<u>1,498,000</u>	<u>1,498,000</u>	<u>1,498,000</u>
<u>Parking Utility Capital Fund</u>						
		<u>Purpose</u>				
	1.00%	7/28/2022	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
	1.00%	7/28/2022	-	80,000	-	80,000
			<u>750,000</u>	<u>830,000</u>	<u>750,000</u>	<u>830,000</u>
			<u>\$ 11,023,000</u>	<u>\$ 17,360,000</u>	<u>\$ 11,023,000</u>	<u>\$ 17,360,000</u>

The purpose of these short-term borrowings was to provide resources for capital construction, acquisitions or improvement projects and other purposes permitted by the Local Bond Law NJSA 40A:2 et. seq. The amounts issued for governmental activities are accounted for in the General Capital Fund. The amounts issued for the water, sewer and parking utility activities are accounted for in the Water, Sewer and Parking Utility Capital Fund.

State law requires that notes are to be issued for a period not exceeding one year and may be renewed from time to time for additional periods, none of which shall exceed one year. All bond anticipation notes, including renewals, shall mature and be paid not later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. In addition any note renewed beyond the third anniversary date of the original note, requires one legally payable installment to be paid.

In addition to the debt shown in the above schedule, municipalities may issue debt to finance emergency or special emergency appropriations or to meet cash flow needs (Tax Anticipation Notes) to temporarily finance operating expenditures. This debt which is not included in the City's statutory debt limit calculation is reported in the Current Fund for the years 2022 and 2021 as follows:

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Special Emergency Notes

Following the adoption of an ordinance or resolution for special emergency appropriations, the City may borrow money and issue special emergency notes which may be renewed from time to time, but at least 1/5 of all such notes and the renewal thereof, shall mature and be paid in each year so that all notes have been paid by the end of the fifth year following the date of the special emergency resolution.

<u>Purpose</u>	<u>Rate (%)</u>	<u>Maturity Date</u>	Balance, December 31, <u>2021</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	Balance, December 31, <u>2022</u>
<u>2022</u>						
Terminal Pay	4.00%	12/21/2023	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000
<u>2021</u>						
None.						

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, the City had the following commitments with respect to unfinished capital projects:

<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2022</u>		
NJDOT Municipal Aid Program	\$776,237	2023
Parking Garage Restoration	221,700	2023
Madison Ave. and West Lake Ave. Project	215,777	2023
Brennan Field Splash Park	161,572	2023
<u>2021</u>		
2021 Road Resurfacing Project – DOT	\$668,659	2022
Madden Field Improvements – Phase 2	426,157	2022
Madden Field Sports Lighting	543,468	2022
Four Door Custom Fire Apparatus	518,000	2022
Pelican Sweeper	229,464	2022

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal time and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement. In addition, the City has entered into agreements with certain employees allowing for the deferral of a portion of such employees' salary increases. These salary deferrals will be paid in full upon termination of employment.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

A. Compensated Absences (Continued)

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$10,092,760 and \$8,279,118 at December 31, 2022 and 2021, respectively. These amounts which are considered material to the financial statements, are not reported either as an expenditure or liability.

As of both December 31, 2022 and 2021, the City has reserved in the Other Trust Fund \$198,000, to fund compensated absences in accordance with NJSA 40A:4-39.

B. Deferred Pension Obligation

During the year ended December 31, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$1,554,082 and will be paid back with interest over 15 years beginning in the 2012 year. The City is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (7.00% effective July 1, 2017) at December 31, 2022 and 2021 is \$373,965 and \$590,450 respectively.

During the years ended December 31, 2022, 2021 and 2020 the City was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

Years Ended <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2022	\$ 35,390	\$ 210,082
2021	34,700	206,220
2020	34,608	206,016

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board. The City's changes in other long-term liabilities for the years ended December 31, 2022 and 2021 were as follows:

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
Compensated Absences	\$ 8,279,118	\$ 1,813,642		\$ 10,092,760	
Deferred Pension Obligation	590,450	28,987	\$ 245,472	373,965	\$ 236,196
Net Pension Liability - PERS (1)	12,094,490			12,094,490	
Net Pension Liability - PFRS (1)	25,042,812			25,042,812	
Net OPEB Liability (1)	<u>76,399,891</u>	<u>-</u>	<u>-</u>	<u>76,399,891</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 122,406,761</u>	<u>\$ 1,842,629</u>	<u>\$ 245,472</u>	<u>\$ 124,003,918</u>	<u>\$ 236,196</u>

(1) GASB Statements number 68 (Pension) and 75 (OPEB) financial information was not provided by the State Division of Pensions and Benefits as of the date of the audit.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities (Continued)

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences	\$ 7,988,481	\$ 290,637		\$ 8,279,118	
Deferred Pension Obligation	788,126	43,244	\$ 240,920	590,450	\$ 245,472
Net Pension Liability - PERS	16,261,255		4,166,765	12,094,490	
Net Pension Liability - PFRS	44,755,761		19,712,949	25,042,812	
Net OPEB Liability	<u>54,770,012</u>	<u>21,629,879</u>	<u>-</u>	<u>76,399,891</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 124,563,635</u>	<u>\$ 21,963,760</u>	<u>\$ 24,120,634</u>	<u>\$ 122,406,761</u>	<u>\$ 245,472</u>

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees which includes those City employees who are eligible for pension coverage.

Consolidated Police and Firemen’s Pension Fund (CPFPPF) – established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members. Additionally, based on recent actuarial valuation there was no normal cost or accrued liability contributions required for the fiscal year ended June 30, 2017. CPFPPF is a cost-sharing multi-employer defined benefit plan. For additional information about CPFPPF, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

Police and Firemen’s Retirement System (PFRS) – established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after December 31, 1944. Membership is mandatory for such employees. PFRS is a cost-sharing multi-employer defined benefit pension plan with a special funding situation. For additional information about PFRS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PFRS:

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

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Public Employees’ Retirement System (PERS) – established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full-time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost-sharing multi-employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Annual Comprehensive Financial Report (ACFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have a least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those City employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollment but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

The state established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Pensions Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, C.78, it provided cost of living increases equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which includes the CPFPPF. Cost-of-living increases provided under the State's pension adjustment program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS and PERS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trust. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial report may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290, or at www.state.nj.us/treasury/doinvest.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2022 was not available and for June 30, 2021 is \$12.0 billion, and the plan fiduciary net position as a percentage of the total pension liability is 70.33% at June 30, 2021. The collective net pension liability of the participating employers for local PFRS at June 30, 2022 was not available and for June 30, 2021 is \$9.4 billion and the plan fiduciary net position as a percentage of total pension liability is 77.26% at June 30, 2021.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 PERS and PFRS actuarial valuations, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions for 2022 and 2021 based on 10.0% for PFRS, 7.50% for PERS and 5.50% for DCRP of employee’s annual compensation.

For the years ended December 31, 2022 and 2021 for CPFPF, which is a single-employer defined benefit plan, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, employers’ contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All contributions made by the City for 2022, 2021 and 2020 were equal to the required contributions.

During the years ended December 31, 2022, 2021 and 2020, the City, was required to contribute for normal cost pension contributions, accrued liability pension contributions, and non-contributory life insurance premiums the following amounts which equaled the required contributions for each respective year:

	<u>CPFPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2022	\$ 17,955	\$ 4,203,227	\$ 1,231,022	\$ 23,442
2021	17,955	3,993,145	1,195,632	18,680
2020	17,955	3,638,135	891,567	16,826

In addition, for the years ended December 31, 2022, 2021 and 2020, the City contributed \$-0-, \$-0-, and \$2,876, respectively for long-term disability insurance premiums (LTDI) for PERS.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The regulatory basis of accounting requires participating employers in PERS and PFRS to disclose in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, (GASB No.68)* their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions.

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2023-10 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2021 and 2020. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2021, the City reported a liability of \$12,094,490, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City’s proportionate share of the net pension liability was based on the ratio of the City’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the City’s proportionate share was .10209 percent, which was an increase of .00238 percent from its proportionate share measured as of June 30, 2020 of .09971 percent.

For the year ended December 31, 2021, the pension system has determined the City’s pension expense (benefit) to be (\$1,157,383), for PERS based on the actuarial valuation which are less than the actual contributions reported in the City’s financial statements of \$1,195,632. At December 31, 2021, the City’s deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the City’s financial statements are from the following sources:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 190,746	\$ 86,582
Changes of Assumptions	62,988	4,305,717
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		3,186,006
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,615,005</u>	<u>221,686</u>
Total	<u>\$ 1,868,739</u>	<u>\$ 7,799,991</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense (benefit) as follows:

Year Ending December 31,	<u>Total</u>
2022	\$ (2,407,473)
2023	(1,619,026)
2024	(1,014,560)
2025	(902,073)
2026	<u>11,880</u>
	<u>\$ (5,931,252)</u>

Actuarial Assumptions

The City’s total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuations were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**CITY OF RAHWAY
 NOTES TO THE FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

The following presents the City’s proportionate share of the PERS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

<u>2021</u>	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's Proportionate Share of the PERS Net Pension Liability	<u>\$ 16,470,243</u>	<u>\$ 12,094,490</u>	<u>\$ 8,381,044</u>

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at December 31, 2021. A sensitivity analysis specific to the City’s net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Police and Firemen’s Retirement System (PFRS)

At December 31, 2021, the City reported a liability of \$25,042,812, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City’s proportionate share of the net pension liability was based on the ratio of the City’s contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the City’s proportionate share was .34262 percent, which was a decrease of .00375 percent from its proportionate share measured as of June 30, 2020 of .34637 percent.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the pension system has determined the City pension expense (benefit) to be (\$4,563,606), for PFRS based on the actuarial valuation which are less than the actual contributions reported in the City’s financial statements of \$3,993,145. At December 31, 2021, the City’s deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the City’s financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 285,708	\$ 2,999,870
Changes of Assumptions	133,255	7,505,216
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		10,671,557
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	3,215,251
Total	<u>\$ 418,963</u>	<u>\$ 24,391,894</u>

At December 31, 2021 the amounts reported as deferred outflows of resources and deferred inflows of resources related to PFRS pension will be recognized in pension expense (benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ (7,831,056)
2023	(5,881,578)
2024	(4,889,291)
2025	(4,620,957)
2026	(641,068)
Thereafter	<u>(108,981)</u>
	<u>\$ (23,972,931)</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

The City’s total pension liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

Inflation Rate:	2.75%
Salary Increases	3.25%-15.25%
	Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Employee mortality rates were based on the PubS-2010 amount-weighted 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 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% 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, 2020 valuations were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans’ target asset allocation as of June 30, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>2021</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability for PFRS was 7.00% as of June 30, 2021. 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 based on 100% of the actuarially determined contributions for the State. 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.

Sensitivity of Net Pension Liability

The following presents the City’s proportionate share of the PFRS net pension liability as of December 31, 2021 calculated using the discount rate of 7.00% as well as what the City’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
<u>2021</u>			
City's Proportionate Share of the PFRS Net Pension Liability	\$ <u>38,026,727</u>	\$ <u>25,042,812</u>	\$ <u>14,235,105</u>

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at December 31, 2021. A sensitivity analysis specific to the City’s net pension liability was not provided by the pension system.

Special Funding Situation – PFRS

Under N.J.S.A. 43:16A-15, the City is responsible for their own PFRS contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the City by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Accordingly, the City’s proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 68 is zero percent and the State’s proportionate share is 100% for PFRS under this legislation.

At December 31, 2021, the State’s proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$7,043,286. For the year ended December 31, 2021, the pension system has determined the State’s proportionate share of the pension expense attributable to the City for the PFRS special funding situation is \$784,417, which are more than the actual contributions the State made on behalf of the City of \$611,845. At December 31, 2021 (measurement date June 30, 2021) the State’s share of the PFRS net pension liability attributable to the City was .34262 percent, which was a decrease of .00375 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .34637 percent. The State’s proportionate share attributable to the City was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the City’s financial statements.

Pension Plan Fiduciary Net Position

Detailed information about the PFRS pension plan’s fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at

**CITY OF RAHWAY
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for participating municipalities including the City.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program covering substantially all eligible local government employees from local participating employers.

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual 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 postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retires with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retires 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 coverage.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be assessed via, the New Jersey, Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Membership and Contributing Employers

Membership and contributing employers/nonemployers of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	64,243
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>32,624</u>
Total	<u>96,867</u>
Contributing Employers	585
Contributing Nonemployers	1

Measurement Focus and Basis of Accounting

The financial statements of the OPEB plan are prepared in accordance with U.S. generally accepted accounting principles as applicable to government organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the other postemployment benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Collective Net OPEB Liability

The collective net OPEB liability of the participating employers and the State, as the non-employer contributing entity, of the Plan at June 30, 2022 was not available and for 2021 is \$18.0 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.28% at June 30, 2021.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2020 which was rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 OPEB actuarial valuation, the actuarial assumptions and methods used in this valuation were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution

The funding policy for the OPEB plan is pay-as-you-go; therefore, there is no prefunding of the liability. However, due to premium rates being set prior to each calendar year, there is a minimal amount of net position available to cover benefits in future years. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are collected from the State of New Jersey, participating local employers, and retired members. The State of New Jersey makes contributions to cover those employees eligible under Chapter 330, P.L. 1967, as disclosed previously. Local employers remit employer contributions on a monthly basis. Retired member contributions are generally received on a monthly basis.

The employers participating in the OPEB plan made contributions of \$325.1 million and the State of New Jersey, as the non-employer contributing entity, contributed \$37.8 million for fiscal year 2021.

The State sets the employer contribution rate based on a pay-as-you-go basis rather than the actuarial determined contribution, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The City's contributions to the State Health Benefits Program Fund-Local Government Retired Plan for post-retirement benefits for the years ended December 31, 2022, 2021 and 2020 were \$3,204,698, \$2,573,648, and \$2,320,702, respectively, which equaled the required contributions for each year. In addition, the City's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2022, 2021 and 2020 were \$120,750, \$92,071, and \$86,956, respectively.

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The regulatory basis of accounting requires participating employers in the State Health Benefit Program Fund – Local Government Retired Plan to disclose in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension (GASB No. 75)* their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

The employer allocation percentages presented are based on the ratio of the contributions made as an individual employer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2021, the City reported a liability of \$76,399,891 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net OPEB liability was based on the ratio of the City's proportionate share of the OPEB liability attributable to the City at June 30, 2021 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2021. As of the measurement date of June 30, 2021 the City's proportionate share was .42445 percent, which was an increase of .11927 percent from its proportionate share measured as of June 30, 2020 of .30518 percent.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

For the year ended December 31, 2021, the Plan has determined the City's OPEB expense to be \$4,294,671, based on the actuarial valuations which is more than the actual contributions reported in the City's financial statements of \$3,204,698. At December 31, 2021, the City's deferred outflows of resources and deferred inflows of resources related to the OPEB plan which are not reported on the City's financial statements are from the following sources:

	<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,714,322	\$ 15,983,985
Changes of Assumptions	10,990,353	13,504,578
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	36,530	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	61,063,365	27,556,060
Contributions made Subsequent to the Measurement Date	-	-
Total	<u>\$ 73,804,570</u>	<u>\$ 57,044,623</u>

At December 31, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB plan will be recognized in OPEB expense (benefit) as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ 1,726,363
2023	1,720,287
2024	1,717,036
2025	1,713,816
2026	3,333,641
Thereafter	<u>6,548,804</u>
	<u>\$ 16,759,947</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Actuarial Assumptions

The City’s total OPEB liability reported for the year ended December 31, 2021 was based on the June 30, 2021 measurement date as determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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 date:

	<u>2021</u>
Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
PFRS:	
Initial Fiscal Year Applied Through	Rate for All Future Years
Rate	3.25% to 15.25%

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

Mortality Rates

Pre-retirement and healthy post-retirement mortality rates were based on the Pub-2010 Healthy “Safety” for PFRS and Healthy “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality rates were based on the Pub-2010 Disabled “Safety” for PFRS and Disabled “General” for PERS classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trends

The trend rate for pre-Medicare medical benefits is initially 5.65 percent and decreases to a 4.50 percent long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 and 2023 are reflected. Future years PPO and HMO trend rates differ for each retirement plan. PPO trend is initially 7.56% in fiscal year 2024, increasing to 14.43% in fiscal year 2025 and decreasing to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to 4.50% long-term after 7 years.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

The discount rate for June 30, 2021 measurement date was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the City's proportionate share of the net OPEB liability as of December 31, 2021 calculated using the discount rate of 2.16%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

<u>2021</u>	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
City's Proportionate Share of the Net OPEB Liability	\$ <u>89,908,017</u>	\$ <u>76,399,891</u>	\$ <u>65,694,411</u>

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2021. A sensitivity analysis specific to the City's net OPEB liability was not provided by the Plan.

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

The following presents the City's proportionate share of the net OPEB liability as of December 31, 2021 calculated using the healthcare trend rates as disclosed above as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>2021</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
City's Proportionate Share of the Net OPEB Liability	\$ <u>63,743,240</u>	\$ <u>76,399,891</u>	\$ <u>92,915,254</u>

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2021. A sensitivity analysis specific to the City's net OPEB liability was not provided by the pension system.

Special Funding Situation

Under N.J.S.A. 43:3C-24 the City is responsible for their own OPEB contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State to make contributions if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 330, P.L. 1997 and Chapter 271, P.L., 1989. Under Chapter 330, P.L. 1997, the State pays the premiums or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium of periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. The amounts contributed on behalf of the City by the State under this legislation is considered to be a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. Accordingly, the City's proportionate share percentage of the net pension liability, deferred outflows and inflows determined under GASB Statement No. 75 is zero percent and the State's proportionate share is 100% of OPEB under this legislation.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Special Funding Situation (Continued)

At December 31, 2021, the State's proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$237,628. For the year ended December 31, 2021 the plan has determined the State's proportionate share of the OPEB expense (benefit) attributable to the City for the OPEB special funding situation is \$(32,426). At December 31, 2021, (measurement date June 30, 2021), the State's share of the OPEB liability attributable to the City was .00615 percent, which was a decrease of .49191 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .49806 percent. The State's proportionate share attributable to the City was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

NOTE 14 RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; termination of employees and natural disasters. The City has obtained commercial insurance coverage to guard against these events to minimize the exposure to the City should they occur.

The City of Rahway is a member of the Garden State Municipal Joint Insurance Fund (GSJIF). The joint insurance fund is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Fund is a risk-sharing public entity pool.

The relationship between the City and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The City is contractually obligated to make all annual and supplementary contributions to the insurance fund, to report claims on a timely basis, to cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which the municipality was a member.

The fund provides its members with risk management services, including the defense of and settlement of claims, and established reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the fund can be obtained by contacting the fund's Treasurer.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage in any of the prior three years.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 14 RISK MANAGEMENT (Continued)

The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the City is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The City is billed quarterly for amounts due to the State. The following is a summary of City contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the City’s unemployment compensation trust fund for the current and previous two years:

<u>Year Ended December 31,</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2022	None	\$ 18,330	None	\$ 36,648
2021	50,000	30,327	98,396	18,052
2020	52,882	19,248	101,319	36,027

NOTE 15 CONTINGENT LIABILITIES

The City is a party defendant in some lawsuits, none of a kind unusual for a municipality of its size and scope of operation. In the opinion of the City’s Attorney, the potential claims against the City not covered by insurance policies would not materially affect the financial condition of the City.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2021 and 2021. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be material. As of December 31, 2022 and 2021, the City reserved \$1,270,418 and \$749,659, respectively in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years’ budget or from fund balance.

Federal and State Awards - The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of December 31, 2022 and 2021, significant amounts of grant expenditure have not been audited by the various grantor agencies but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2022 and 2021, the City had no estimated arbitrage earnings due to the IRS.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 17 PUBLIC/PRIVATE PARTNERSHIPS

The City presently owns a water supply, treatment, transmission, storage and distribution system, and a billing and collections department (the “Water System”). The City has entered into a management services agreement with United Water Operations, Inc. for the operation, management, maintenance and repair of the Water System in accordance with the provisions of the “New Jersey Water Supply Public-Private Contracting Act” set forth at N.J.S.A. 58:26-19 et seq.

Pursuant to the terms of the original agreement, the City retained ownership of the Water System and Suez Water Environmental Services, Inc. (formerly United Water Operations, Inc.) will operate, manage, maintain and repair the Water System for a period of twenty (20) years, beginning September 29, 1999. In exchange for these services, the City paid Suez an annual Fixed Management Fee. The agreement did not provide for the payment of any concession fees by Suez to the City.

During 2017, the aforementioned original agreement was terminated by mutual agreement of the City and Suez, Inc. and a new agreement was entered into for a period of twenty (20) years, beginning on May 15, 2017.

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2022 and 2021, the City provided property tax abatements through a certain program authorized under State statutes.

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being “in need of redevelopment”. These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area “in need of redevelopment”. Upon adopting the planning board’s recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2022 and 2021 the City abated property taxes totaling \$5,293,254 and \$5,239,733, respectively under the LTTE program. The City received \$2,529,502 and \$2,564,051 in PILOT payments under this program for the years ended December 31, 2022 and 2021, respectively.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey's economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor's pandemic-related executive orders on July 4, 2021. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will be terminated on January 1, 2022. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. On March 4, 2022, the Governor declared, via Executive Order No. 292, an end to the reinstated public health emergency, effective March 7, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

In order to provide additional means for local governmental units to address the financial impact of the COVID-19 outbreak, the Governor signed into law P.L. 2020 c. 74 ("Chapter 74") on August 31, 2020. Chapter 74, which took effect immediately, adds two new purposes to the list of special emergency appropriations which may be raised by municipalities or counties over a five year period (either through the issuance of special emergency notes or raised internally without borrowing): (1) direct COVID-19 response expenses; and (2) deficits in prior year's operations attributable to COVID-19 (the beginning of the five year repayment schedule is delayed by one year for these new purposes). Upon approval by the Director of the Division of Local Government Services, New Jersey Department of Community Affairs, in cases of significant fiscal distress, the five year period may be extended to up to ten years. In addition, the statute permits school districts and public authorities to issue debt with a maximum five year maturity schedule for direct COVID-19 expenses. Chapter 74 provides for State supervision of all local government unit borrowings. The statute also grants the Director the authority to modify municipal budgeting rules concerning anticipated revenues in order to lessen the impact of revenue reductions due to COVID-19.

The City of Rahway's finances and operations may be materially and adversely affected as a result of the continued spread of COVID-19 through reduced or delayed revenue streams, which include the collection of property taxes, which are the City of Rahway's primary revenue source for supporting its budget. The City of Rahway cannot predict costs associated with a potential infectious disease outbreak like COVID-19 such as operational costs to clean, sanitize and maintain its facilities, or costs to operate remotely and support City functions and critical government actions during an outbreak or any resulting impact such costs could have on the operations of the City. However, as of the date of audit, even though the City finances and operations had certain reduced revenue streams due to the COVID-19 outbreak, the overall finances and operations of the City have not been materially and adversely affected due to the COVID-19 outbreak.

The degree of any such impact on the operations and finances of the City cannot be predicted due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the City and its economy. The City is monitoring the situation and will take such proactive measures as may be required to maintain its functionality and meet its obligations.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 19 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

The American Rescue Plan Act of 2021, H.R. 1319 (the “Plan”), signed into law by President Biden on March 11, 2021, comprises \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic.

The Plan includes various forms of financial relief including up to a \$1,400 increase in direct stimulus payment to individuals and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the City.

Generally, according to the Plan and implementing regulations, the allowable use of the funds to be provided to the City include the following categories:

- Replacing lost public sector revenue;
- Investing in water, sewer, broadband and other infrastructure;
- Providing premium pay for essential workers;
- Supporting public health expenditures;
- Addressing COVID-19 related negative economic impacts; and
- Addressing the disproportionate public health and economic impacts of the crisis on the hardest-hit communities, populations, and households.

However, such funds may not be used to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period reducing or delaying any tax or tax increase. Additionally, such funds may not be used for deposit in any pension fund. Such funds may be used to offset the amounts required to be raised in budgets for special emergency appropriations for COVID-19 deficits authorized by Chapter 74 discussed above. The City will be required to provide periodic reports detailing the accounting of the use of funds.

The City will receive \$3,129,066 from the Plan in two equal payments. The City has received the full amount of its relief funds under the plan as of December 31, 2022. The City utilized \$1,921,673 and \$1,207,393, respectively in the 2022 and 2021 budgets to replace lost public sector revenue, respectively.

NOTE 20 SUBSEQUENT EVENTS

Bond Anticipation Notes

On July 27, 2023, the City issued Bond Anticipation Notes in the amount of \$26,470,000 to temporarily finance expenditures related to various capital projects. The City awarded the sale of said notes to JP Morgan Securities LLC., at an interest rate of 5%. These notes, dated July 27, 2023 will mature on July 26, 2024.

Debt Authorized

During 2023, the City adopted bond ordinances authorizing the issuance of \$9,110,000 in bonds or bond anticipation notes to fund certain capital projects. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

SUPPLEMENTARY SCHEDULES

CURRENT FUND

**CITY OF RAHWAY
STATEMENT OF CASH - TREASURER**

Balance, December 31, 2021		\$ 23,815,740
Increased by:		
Taxes Receivable	\$ 101,247,527	
Tax Title Liens	141,995	
Revenue Accounts Receivable	17,291,836	
Prepaid Taxes	435,173	
Tax Overpayments	6,991	
Grants Receivable	152,625	
Non Budget Revenue	436,803	
Due from State-Senior and Veterans Deductions	118,133	
Other Trust Fund Receipts Deposited in Current Fund	1,381,279	
Receipts from Animal Control Trust Fund	66	
Receipts from Self Insurance Trust Fund	45,031	
Receipts from Sewer Utility Operating Fund	1,157,508	
Special Emergency Note Proceeds	1,500,000	
Reserve for Municipal Relief Fund Aid	209,124	
Unappropriated Reserves for Grants	<u>1,948,060</u>	
		<u>126,072,151</u>
		149,887,891
Decreased by:		
2022 Budget Appropriations	58,414,981	
2021 Appropriation Reserves	1,089,225	
Encumbrances Payable	768,945	
County Taxes	14,640,651	
County Added Taxes	58,378	
Local District School Taxes	46,359,650	
Special Improvement District Taxes	325,000	
Appropriated Reserves for Grants	213,810	
Tax Overpayments	8,408	
Reserve for Tax Appeals	129,582	
Refund of Prior Year Revenue	140,631	
Special Improvement District Expenditures Paid by Current Fund	57,067	
Payments to General Capital Fund	3,649,070	
Payments to Water Utility Operating Fund	372,122	
Payments to Sewer Utility Capital Fund	1,520,154	
Payments to Parking Utility Operating Fund	559,799	
Payments to Parking Utility Capital Fund	<u>192,186</u>	
		<u>128,499,659</u>
Balance, December 31, 2022		<u>\$ 21,388,232</u>

**CITY OF RAHWAY
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2021</u>	Balance, December 31, <u>2022</u>
Tax Collector	\$ 1,000	\$ 1,000
City Clerk	20	20
Health Officer	25	25
Municipal Court	250	250
Recreation	<u>300</u>	<u>300</u>
	<u>\$ 1,595</u>	<u>\$ 1,595</u>

**CITY OF RAHWAY
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, <u>2021</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2022</u>
Anti-Gang Strategies	\$ 234,191		\$ 234,191
Drug Free Communities	248,699		248,699
Justice Grant	4,425		4,425
Bulletproof Vest Partnership	10,461		10,461
Recreation for Individuals with Disabilities	20,000		20,000
Cooperative Housing	16,259	\$ 16,259	
Strengthening Local Health Capacity	136,366	136,366	
NJ Crime Stats Exchange	20,000	-	20,000
	<u>\$ 690,401</u>	<u>\$ 152,625</u>	<u>\$ 537,776</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM STATE OF NEW JERSEY -
SENIOR CITIZEN AND VETERAN DEDUCTIONS**

Balance, December 31, 2021		\$ 76,499
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$ 119,250	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector	<u>250</u>	
		<u>119,500</u>
		195,999
Decreased by:		
Cash Receipts	118,133	
Senior Citizen and Veteran Deductions Disallowed by Tax Collector	<u>2,951</u>	
		<u>121,084</u>
Balance, December 31, 2022		<u>\$ 74,915</u>

**CITY OF RAHWAY
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, December 31, 2021	2022 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In		Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2022
					2021	2022				
2019	\$ 7,914					\$ 7,164				\$ 750
2020	2,207					2,207				
2021	<u>1,267,374</u>	<u>-</u>	<u>\$ 14,654</u>	<u>-</u>	<u>-</u>	<u>1,282,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
	1,277,495	-	14,654	-	-	1,291,388	-	-	-	761
2022	<u>-</u>	<u>\$ 102,188,224</u>	<u>162,293</u>	<u>\$ 2,951</u>	<u>\$ 543,988</u>	<u>99,956,139</u>	<u>\$ 119,500</u>	<u>\$ 102,362</u>	<u>\$ 65,439</u>	<u>1,566,040</u>
	<u>\$ 1,277,495</u>	<u>\$ 102,188,224</u>	<u>\$ 176,947</u>	<u>\$ 2,951</u>	<u>\$ 543,988</u>	<u>\$ 101,247,527</u>	<u>\$ 119,500</u>	<u>\$ 102,362</u>	<u>\$ 65,439</u>	<u>\$ 1,566,801</u>

Analysis of 2022 Tax Levy

Tax Yield	
General Purpose Tax	\$ 101,862,793
Special Improvement District Tax	325,431
Added Taxes (54:4-63.1 et seq.)	<u>162,293</u>
	<u>\$ 102,350,517</u>
Tax Levy	
Special Improvement District Tax	\$ 325,000
Local District School Tax (Abstract)	47,859,654
County Tax	\$ 14,156,866
County Open Space	483,785
County Share of Added Taxes	<u>23,323</u>
	14,663,974
Local Tax for Municipal Purposes	38,307,638
Minimum Library Tax	1,060,069
Additional Tax Levied	<u>134,182</u>
	<u>39,501,889</u>
	<u>\$ 102,350,517</u>

**CITY OF RAHWAY
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2021	\$ 707,235
Increased by:	
Transfers from Current Taxes Receivable	<u>65,439</u>
	772,674
Decreased by:	
Redemptions	<u>141,995</u>
Balance, December 31, 2022	<u>\$ 630,679</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2021	<u>\$ 2,664,500</u>
Balance, December 31, 2022	<u>\$ 2,664,500</u>

**CITY OF RAHWAY
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, December 31, <u>2021</u>	Accrued in <u>2022</u>	Collected	Balance, December 31, <u>2022</u>
Licenses				
Alcoholic Beverages		\$ 55,050	\$ 55,050	
Other		13,530	13,530	
Fees and Permits		122,966	122,966	
Municipal Court				
Fines and Costs	\$ 29,944	359,850	364,347	\$ 25,447
Interest and Costs on Taxes		360,933	360,933	
Interest on Investments		102,137	102,137	
Police Department Fees		86,319	86,319	
Anticipated Utility Operating Surplus - Water Utility		960,000	960,000	
Anticipated Utility Operating Surplus - Parking Utility		675,000	675,000	
Utility Operating Surplus of Prior Year - Water Utility		750,000	750,000	
Utility Operating Surplus of Prior Year - Parking Utility		750,000	750,000	
Payments in Lieu of Taxes				
Lower Essex St. - Denholtz Management		483,327	483,327	
Rosegate		26,642	26,642	
Housing Authority		116,567	116,567	
Senior Citizen Housing		323,076	323,076	
Meyers Senior Residence		29,467	29,467	
Metro		137,426	137,426	
Waters Edge		174,066	174,066	
Lafayette		244,726	244,726	
Reva		509,257	509,257	
Arist Housing		16,343	16,343	
Dornoch/Mint		112,532	112,532	
RWJ Hospital		280,342	280,342	
Comcast Cable Franchise Fee		88,555	88,555	
Cellular Phone Tower Fees		435,480	435,480	
Vacant/Foreclosure House Registration		161,050	161,050	
Police Security - Administrative Fees		42,563	42,563	
Planning Board Application Fees		21,742	21,742	
Street Opening Permits		85,829	85,829	
Uniform Construction Code Penalties		60,400	60,400	
Uniform Construction Code Fees		1,987,135	1,987,135	
Energy Receipts Taxes		3,855,998	3,855,998	
Consolidated Municipal Property Tax Relief Aid		152,975	152,975	
U.C.U.A. Host Community Fees		2,843,431	2,843,431	
Solid Waste Fees				
Rahway Housing Authority		57,085	57,085	
Rahway Board of Education		11,383	11,383	
Bulky Waste Fees				
Kenilworth		45,500	45,500	
Outside Health Services				
Winfield		4,182	4,182	
Hotel Fees		244,475	244,475	
General Capital Fund Balance	-	500,000	500,000	-
	<u>\$ 29,944</u>	<u>\$ 17,287,339</u>	<u>\$ 17,291,836</u>	<u>\$ 25,447</u>

**CITY OF RAHWAY
SCHEDULE OF OTHER LIENS RECEIVABLE**

Balance, December 31, 2021	\$ 124,508
Increased by:	
Liens Issued	<u>3,087</u>
Balance, December 31, 2022	<u>\$ 127,595</u>

STATEMENT OF DUE FROM RAHWAY REDEVELOPMENT AGENCY

Balance, December 31, 2021	<u>\$ 10,654</u>
Balance, December 31, 2022	<u>\$ 10,654</u>

CITY OF RAHWAY
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance December 31, 2021	Cancelled Encumbrances Payable	Balance After Modification	Expended	Balance Lapsed
General Government					
Department of Administration					
Salaries and Wages	\$ 117		\$ 78,117	\$ 78,000	\$ 117
Other Expenses	35,213		117,213	116,154	1,059
Municipal Council					
Salaries and Wages	4,063		4,063		4,063
Other Expenses	150		150		150
Environmental Commission					
Salaries and Wages	188		188		188
Other Expenses	93		93		93
City Clerk					
Salaries and Wages	2	\$ 3,400	2		2
Other Expenses	45		8,145	8,114	31
Department of Revenue and Finance					
Salaries and Wages	4		2,504	2,500	4
Other Expenses	724		60,724	47,002	13,722
Department of Assessment					
Salaries and Wages	970		970		970
Other Expenses	4,665	5,883	548		548
Department of Law					
Salaries and Wages	489		489		489
Other Expenses	135,192		135,192	94,241	40,951
Municipal Court					
Salaries and Wages	4,063		4,063		4,063
Other Expenses	3,503	3,291	6,794		6,794
Division of Engineering					
Salaries and Wages	37	11,800	37		37
Other Expenses	19,294		19,294	2,117	17,177
Department of Building, Planning & Economic Development					
Salaries and Wages	93		69,793	69,700	93
Other Expenses	84,031		217,031	216,423	608
Planning Board					
Salaries and Wages	95		95	95	
Other Expenses	293		293	293	
Property Maintenance					
Salaries and Wages		65	65		65
Board of Adjustment					
Salaries and Wages	95		95		95
Other Expenses	92		92		92
Municipal A.B.C. Board					
Salaries and Wages	863		863		863
Other Expenses	20		20		20
Insurance					
Other Insurance	23,114	51,291	36,405		36,405
Employee Group Insurance	211,834	83,006	8,240		8,240
Police Department					
Salaries and Wages	32	46,500	32		32
Other Expenses	38,685		31,685	3	31,682
Office of Emergency Management					
Salaries and Wages	79,511		79,511		79,511
Other Expenses	17,409	2,099	8,508		8,508
Fire Department					
Salaries and Wages	67	113,700	67		67
Other Expenses	187		11,187	10,703	484

CITY OF RAHWAY
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance December 31, 2021	Cancelled Encumbrances Payable	Balance After Modification	Expended	Balance Lapsed
Department of Public Works					
Salaries and Wages	\$ 59	\$ 24,800	\$ 59		\$ 59
Other Expenses	133,251		283,251	\$ 272,937	10,314
Solid Waste and Recycling					
Salaries and Wages	52		13,852	13,800	52
Other Expenses	103,822		103,822	92,343	11,479
Department of Health and Welfare					
Salaries and Wages	36	54,300	36		36
Other Expenses	28,292		28,292	26,526	1,766
Community Services - Senior Services					
Salaries and Wages	964		964		964
Other Expenses	4,957	2,739	7,696		7,696
Recreation Department					
Salaries and Wages	1,818		1,818		1,818
Other Expenses	121,538		121,538	33,628	87,910
Revenue Administration					
Salaries and Wages	284		284		284
Other Expenses	21	5,699	20		20
Uniform Construction Code Enforcement					
Salaries and Wages	83	32,300	83		83
Other Expenses	39,345		71,345	70,476	869
Unclassified					
Electricity	112,567	26,092	106,659	95,498	11,161
Heating Fuels	43,638		43,638	13,165	30,473
Telephone	6,270		36,270	25,909	10,361
Street Lighting	78,340	704	79,044		79,044
Statutory Expenditures					
Contribution to:					
Public Employee' Retirement System	342		342		342
Police and Firemen's Retirement System	930		930		930
Pension Adjustment Fund	2,045		2,045		2,045
Social Security System (O.A.S.I.)	776		776		776
DCRP	1,320		1,320		1,320
Police Dispatch 9-1-1 System					
Salaries and Wages	15,687		15,687		15,687
Other Expenses	17,751	-	24,751	24,414	337
Total	\$ 1,379,421	\$ 467,669	\$ 1,847,090	1,314,041	\$ 533,049
			Cash Disbursements	\$ 1,089,225	
			Accounts Payable	224,816	
				<u>\$ 1,314,041</u>	

**CITY OF RAHWAY
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2021		\$ 1,434,071
Increased by:		
Charged to 2022 Budget Appropriations	\$ 1,173,491	
Charged to Appropriated Grant Reserves	<u>7,039</u>	
		<u>1,180,530</u>
		2,614,601
Decreased by:		
Cash Disbursements	768,945	
Cancelled to Appropriation Reserves	<u>467,669</u>	
		<u>1,236,614</u>
Balance, December 31, 2022		<u>\$ 1,377,987</u>
	2022 Budget Appropriations	\$ 1,173,491
	Appropriated Grant Reserves	<u>204,496</u>
		<u>\$ 1,377,987</u>

STATEMENT OF ACCOUNTS PAYABLE AND OTHER LIABILITIES

Balance, December 31, 2021		\$ 291,466
Increased by:		
Transferred from Appropriation Reserves		<u>224,816</u>
		516,282
Decreased by:		
Cancelled to Operations		<u>109,314</u>
Balance, December 31, 2022		<u>\$ 406,968</u>

**CITY OF RAHWAY
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2021	\$	8,408
Increased by:		
Tax Overpayments		<u>6,991</u>
		15,399
Decreased by:		
Cash Disbursements		<u>8,408</u>
Balance, December 31, 2022	\$	<u><u>6,991</u></u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2021	\$	543,988
Increased by:		
Collection of 2023 Taxes		<u>435,173</u>
		979,161
Decreased by:		
Applied to 2022 Taxes		<u>543,988</u>
Balance, December 31, 2022	\$	<u><u>435,173</u></u>

CITY OF RAHWAY
STATEMENT OF RESERVE FOR FEDERAL AND STATE GRANTS - UNAPPROPRIATED

	Balance, December 31, <u>2021</u>	Increased by <u>Receipts</u>	Decreased by: Budgeted <u>Revenue</u>	Balance, December 31, <u>2022</u>
Alcohol Education and Rehabilitation		\$ 2,843		\$ 2,843
Multiple Housing Inspections		25,762		25,762
Police Body Armor Grant	\$ 4,920	8,114	\$ 4,920	8,114
Recycling Tonnage Grant	16,558	20,911	16,558	20,911
Kids Recreation Grant		70,000		70,000
Recreation Heart Grant		1,250		1,250
Thomas Grahill Trust	20,000	7,500	20,000	7,500
Clean Communities	50,936	54,064	50,936	54,064
Recreation Grant - Dog Park		50,000		50,000
CLEP Grant	2,550	3,825	2,550	3,825
Municipal Alliance	9,761	10,338	9,761	10,338
Recreation Heart Grant	1,250		1,250	
EV Grant	8,000		8,000	
American Rescue Plan	322,140	1,564,533	1,886,673	
Strengthening Local Health Capacity		126,074		126,074
Organized Crime Task Force	-	2,846	-	2,846
	<u>\$ 436,115</u>	<u>\$ 1,948,060</u>	<u>\$ 2,000,648</u>	<u>\$ 383,527</u>

CITY OF RAHWAY
STATEMENT OF APPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2021</u>	Transferred from 2022 Budget <u>Appropriations</u>	<u>Expended</u>	Balance, December 31, <u>2022</u>
Multiple Housing Inspections	\$ 83,056			\$ 83,056
Clean Communities	245,400	\$ 50,936	\$ 16,514	279,822
Senior Services	13,295			13,295
Drunk Driving Enforcement Fund	36,201		5,340	30,861
Body Armor Grant	8,595	4,920		13,515
Impaired Driving Countermeasure	5,919			5,919
Public Health Priority Grant	282			282
Distracted Driving	11,535			11,535
RWJ Foundation - Kaboom	350			350
Municipal Alliance Program	6,563	9,761	8,472	7,852
Recycling Tonnage Grant	30,793	16,558	35,318	12,033
Safe and Secure Communities	110,355			110,355
Blue Acres	8,684			8,684
Emergency Management Grant	18,712			18,712
NJACCO COVID	16,910			16,910
Infant Smoke Detector Program	432			432
NJ Tree Foundation	2,500			2,500
Local Law Enforcement Block Grant	17,548			17,548
Hazardous Discharge Site Remediation	188,720			188,720
ADA Taser Grant	11,240			11,240
Alcohol Education and Rehabilitation Fund	13,278			13,278
General Motors - DARE Programs	7,260			7,260
Merck & Co. Mini Grant	15,415			15,415
Recreation Heart Grant	2,128	1,250		3,378
Recreation History Grant	375			375
County PDA Grant	345			345
Grahill Charitable Trust	1,244	20,000	3,626	17,618
NY/NJ Snowflake Youth	5,118			5,118
Drug Free Communities	171,131		56,890	114,241
Anti Gang Strategies	75,878			75,878
Smart Growth Program	8,000			8,000
Green the Streets	79,124			79,124
Statewide Livable Communities - Library	72,396			72,396
Local Domestic Preparedness	2,630			2,630
Union County Recreation Grant	102,075			102,075
Kids Recreation Grant	68,139			68,139
Pandemic Influenza Grant	9,094			9,094
Child Passenger Safety Grant	2,375			2,375
NJ DOT Highway Safety	34,994			34,994
NJ Wayfinding System	75,000			75,000
NJ 911 General Assistance Grant	301			301
NJ 911 Equipment Grant	47			47
You Drink, Your Drive, You Lose	7,091			7,091
Bulletproof Vest	6,421		6,421	
NJ DCA Brownfields	27,271			27,271
Downtown Retail Study	20,000			20,000
NJ BPU Clean Energy Program	44,839			44,839
Obey the Signs	4,000			4,000
Click It or Ticket	8,006		3,600	4,406
Byrne Justice Grant	2,322			2,322
Motor Vehicles	3,000			3,000
CLEP Grant	10,750	2,550		13,300
NJ County Health Grant	5,615			5,615
Strengthening Local Health Capacity	284,619		84,668	199,951
Matching Funds for Grants	14,268	2,440		16,708
EV Grant	-	8,000	-	8,000
	<u>\$ 2,001,639</u>	<u>\$ 116,415</u>	<u>\$ 220,849</u>	<u>\$ 1,897,205</u>
		Cash Disbursements	\$ 213,810	
		Encumbrances Payable	<u>7,039</u>	
			<u>\$ 220,849</u>	

**CITY OF RAHWAY
STATEMENT OF COUNTY TAXES PAYABLE**

Increased by:		
2022 Levy		
General Taxes	\$ 14,156,866	
County Open Space Taxes	<u>483,785</u>	
		<u>\$ 14,640,651</u>
Decreased by:		
Payments		<u>\$ 14,640,651</u>

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2021		\$ 58,378
Increased by:		
2022 County Added Taxes		<u>23,323</u>
		81,701
Decreased by:		
Payments		<u>58,378</u>
Balance, December 31, 2022		<u>\$ 23,323</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2021 (Prepaid Local School Taxes)		\$ 691,000
Increased by:		
Payments		<u>46,359,650</u>
		47,050,650
Decreased by:		
2021 Levy	\$ 47,859,654	
Cancellation of Prior Year Prepaid Local School Taxes	<u>690,996</u>	
		<u>48,550,650</u>
Balance, December 31, 2022 (Local School Taxes Payable)		<u>\$ 1,500,000</u>

**CITY OF RAHWAY
STATEMENT OF SPECIAL IMPROVEMENT DISTRICT TAXES PAYABLE**

Balance, December 31, 2021	\$ 103,570
Increased by:	
2022 Levy	<u>325,000</u>
	428,570
Decreased by:	
Payments to SID District	<u>325,000</u>
Balance, December 31, 2022	<u>\$ 103,570</u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2021	\$ 749,659
Increased by:	
Transferred from Current Taxes Revenue Realized	<u>650,341</u>
	1,400,000
Less:	
Cash Disbursements	<u>129,582</u>
Balance, December 31, 2022	<u>\$ 1,270,418</u>

STATEMENT OF DEFERRED CHARGES

	Amount <u>Authorized</u>	Balance, December 31, <u>2021</u>	Amount Resulting from 2022	Amount Raised in 2022 Budget	Balance, December 31, <u>2022</u>
COVID-19 Revenue Losses	\$ 1,850,000	\$ 1,850,000		\$ 370,000	\$ 1,480,000
Terminal Pay	1,500,000	<u>-</u>	<u>\$ 1,500,000</u>	<u>-</u>	<u>1,500,000</u>
		<u>\$ 1,850,000</u>	<u>\$ 1,500,000</u>	<u>\$ 370,000</u>	<u>\$ 2,980,000</u>

**CITY OF RAHWAY
STATEMENT OF SPECIAL EMERGENCY NOTE PAYABLE**

<u>Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2022</u>
Terminal Pay	12/28/2022	12/28/2022	12/21/2023	4.00%	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000

**CITY OF RAHWAY
STATEMENT OF DUE FROM SPECIAL IMPROVEMENT DISTRICT**

Increased by:	
Special Improvement District Expenditures	
Paid by Current Fund	\$ <u>57,067</u>
Balance, December 31, 2022	\$ <u>57,067</u>

STATEMENT OF RESERVE FOR MUNICIPAL RELIEF FUND AID

Increased by:	
2022 Municipal Relief Fund Aid Received from State of New Jersey	\$ <u>209,124</u>
Balance, December 31, 2022	\$ <u>209,124</u>

TRUST FUND

CITY OF RAHWAY
TRUST FUNDS
STATEMENT OF CASH AND INVESTMENTS

	Animal Control Fund	Community Development	Other Trust Fund	Self- Insurance
Balance, December 31, 2021	\$ 16,518	\$ 902,779	\$ 4,606,319	\$ 87,605
Increased by Receipts:				
Due State of New Jersey	618			
Animal Control Licenses	4,581			
Community Development Receipts				
Grants Receivable		853,861		
Loans Receivable		19,160		
Deferred Loans Receivable		145,188		
Interest on Loans		4,984		
Current Fund Budget Appropriation				
Workers Compensation				50,000
Miscellaneous Deposits and Reserves			3,316,732	
Employee Unemployment Contributions				18,330
Payroll Deductions Payable				
Accrued Salaries and Wages			21,887	
Reserve for Flex Spending			15,288	
Receipts from Sewer Utility Capital Fund			85,039	
Receipts from Other Trust Fund			18,630	
Interest Earned	86	-	10,684	380
	<u>5,285</u>	<u>1,023,193</u>	<u>3,468,260</u>	<u>68,710</u>
	<u>21,803</u>	<u>1,925,972</u>	<u>8,074,579</u>	<u>156,315</u>
Decreased by Disbursements:				
Reserve for:				
Community Development Expenditures				
Reserve for Expenditures		461,704		
Encumbrances Payable		43,681		
Payments to County of Union		269,670		
Miscellaneous Deposits and Reserves			2,929,100	
Workmen's Compensation Claims				28,368
Payroll Deductions Payable			11,069	
Accrued Salaries & Wages				
Other Liabilities			29,637	
Reserve for Flex Spending			16,604	
Due to State of New Jersey	588			
Payments to Current Fund	66			45,031
Payments to Other Trust Fund	-	-	-	18,630
	<u>654</u>	<u>775,055</u>	<u>2,986,410</u>	<u>92,029</u>
Balance, December 31, 2022	\$ 21,149	\$ 1,150,917	\$ 5,088,169	\$ 64,286

**CITY OF RAHWAY
STATEMENT OF AMOUNT DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance, December 31, 2021	\$	4
Increased by:		
License Fees Collected		<u>618</u>
		622
Decreased by:		
Payments to State of New Jersey		<u>588</u>
Balance, December 31, 2022	\$	<u>34</u>

EXHIBIT B-4

**STATEMENT OF RESERVE FOR ANIMAL CONTROL EXPENDITURES
ANIMAL CONTROL FUND**

Balance, December 31, 2021	\$	9,614
Increased by:		
Animal License Fees Collected		<u>4,581</u>
		14,195
Decreased by:		
Statutory Excess Due to Current Fund		<u>4,278</u>
Balance, December 31, 2021	\$	<u>9,917</u>

EXHIBIT B-5

**STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL FUND**

Balance, December 31, 2021	\$	6,900
Increased by:		
Interest Earned	\$	86
Statutory Excess		<u>4,278</u>
	\$	<u>4,364</u>
Decreased by:		
Payments to Current Fund		<u>66</u>
Balance, December 31, 2022	\$	<u>11,198</u>

**CITY OF RAHWAY
STATEMENT OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE
COMMUNITY DEVELOPMENT TRUST FUND**

	Balance, December 31, <u>2021</u>	2022 Grant <u>Awards</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2022</u>
Program Year				
2019 - Year 44	\$ 71			\$ 71
2020 - Year 45	6,041			6,041
2021 - Year 46	216,211		\$ 133,819	82,392
2022 - Year 47	725,250		720,042	5,208
2023 - Year 48	<u>-</u>	<u>\$ 848,250</u>	<u>-</u>	<u>848,250</u>
	<u>\$ 947,573</u>	<u>\$ 848,250</u>	<u>\$ 853,861</u>	<u>\$ 941,962</u>

**CITY OF RAHWAY
STATEMENT OF LOANS RECEIVABLE
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2021	\$	199,565
Decreased by:		
Loan Repayments - Principal		19,160
Balance, December 31, 2022	\$	180,405

**STATEMENT OF DEFERRED LOANS RECEIVABLE
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2021	\$	2,878,834
Increased by:		
Loans Advanced		193,171
		3,072,005
Decreased by:		
Loan Repayments		145,188
Balance, December 31, 2022	\$	2,926,817

**STATEMENT OF ENCUMBRANCES PAYABLE
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2021	\$	164,643
Increased by:		
Charged to Program Expenditures		45,965
		210,608
Decreased by:		
Payments		43,681
Balance, December 31, 2022	\$	166,927

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR COMMUNITY DEVELOPMENT EXPENDITURES
COMMUNITY DEVELOPMENT TRUST FUND**

	Balance, December 31, <u>2021</u>	<u>Receipts</u>	Loan <u>Repayments</u>	2022 Grants <u>Authorized</u>	<u>Expenditures</u>	<u>Transfer</u>	Balance, December 31, <u>2022</u>
Union County Projects:							
2021 Projects (Year 46)	\$ 36,468				\$ 36,468		
2022 Projects (Year 47)	614,981				321,075	\$ (278,000)	\$ 15,906
2023 Projects (Year 48)				\$ 848,250	150,126		698,124
Program Income	<u>170,208</u>	<u>\$ 4,984</u>	<u>\$ 164,348</u>	<u>-</u>	<u>-</u>	<u>(269,670)</u>	<u>69,870</u>
	<u>\$ 821,657</u>	<u>\$ 4,984</u>	<u>\$ 164,348</u>	<u>\$ 848,250</u>	<u>\$ 507,669</u>	<u>\$ (547,670)</u>	<u>\$ 783,900</u>
				Cash Expended	\$ 461,704		
				Encumbrances Payable	<u>45,965</u>		
					<u>\$ 507,669</u>		
				County of Union	\$ (269,670)		
				General Capital Fund	<u>(278,000)</u>		
						<u>\$ (547,670)</u>	

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR WORKERS' COMPENSATION CLAIMS
SELF INSURANCE FUND**

Balance, December 31, 2021		\$	22,864
Increased by:			
City Contribution	\$	50,000	
Interest Earnings		<u>114</u>	
			<u>50,114</u>
			72,978
Decreased by:			
Claims Paid			<u>28,368</u>
Balance, December 31, 2022		\$	<u>44,610</u>

**STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION CLAIMS
SELF INSURANCE FUND**

Balance, December 31, 2021		\$	18,052
Increased by:			
Interest Earnings	\$	266	
Employee Contributions		<u>18,330</u>	
			<u>18,596</u>
Balance, December 31, 2022		\$	<u>36,648</u>

**CITY OF RAHWAY
STATEMENT OF DUE TO CURRENT FUND
SELF INSURANCE TRUST FUND**

Balance, December 31, 2021	\$ 45,087
Decreased by:	
Payments to Current Fund	<u>45,031</u>
Balance, December 31, 2022	<u>\$ 56</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY
SELF INSURANCE TRUST FUND**

Balance, December 31, 2021	<u>\$ 1,602</u>
Balance, December 31, 2022	<u>\$ 1,602</u>

**CITY OF RAHWAY
STATEMENT OF MISCELLANEOUS DEPOSITS AND RESERVES
OTHER TRUST FUND**

	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
State Fees - Building Department	\$ 212,596	\$ 224,523	\$ 147,890	\$ 289,229
County Red Light Camera Program	70,180			70,180
Street Opening Deposits	179,730	7,500	7,300	179,930
State Department of Human Services	5,032	3,450		8,482
Parking Offense Adjudication Act	32,573	4,728	1,278	36,023
Police Outside Employment	885,740	1,472,879	1,200,487	1,158,132
Professional Review Fees	924,188	182,132	195,756	910,564
Building Department Rezoning Deposits	4,054			4,054
Fire Safety Penalties	95,906	14,249	30,902	79,253
Elevator Inspections	136,150	82,305	50,579	167,876
Narcotics Investigation	34,962	50,526	78,976	6,512
Recreation Deposits	52,117	204,759	133,438	123,438
Public Defender	83,891	4,110		88,001
Tax Sale Premiums	1,392,830	1,599,599	570,650	2,421,779
Third Party Liens	394,438	847,213	519,194	722,457
Terminal Pay	198,000			198,000
Storm Recovery	186,150			186,150
Police Confiscated Money	11,339			11,339
Miscellaneous	1,587	38		1,625
Passaic Valley River Litigation	95,000	-	-	95,000
	<u>\$ 4,996,463</u>	<u>\$ 4,698,011</u>	<u>\$ 2,936,450</u>	<u>\$ 6,758,024</u>
		Cash Receipts \$ 3,316,732		
		Due from Current Fund <u>1,381,279</u>		
		<u>\$ 4,698,011</u>		
		Cash Disbursements \$ 2,929,100		
		Other Liabilities <u>7,350</u>		
		<u>\$ 2,936,450</u>		

**CITY OF RAHWAY
STATEMENT OF DUE FROM CURRENT FUND - OTHER TRUST FUND**

Balance, December 31, 2021	\$	679,800
Increased by:		
Other Trust Fund Receipts Deposited in Current Fund		1,381,279
		2,061,079
Decreased by:		
Interest Earnings		10,684
Balance, December 31, 2022	\$	2,050,395

**STATEMENT OF OTHER LIABILITIES
OTHER TRUST FUND**

Balance, December 31, 2021	\$	165,659
Increased by:		
Charges to Miscellaneous Reserves and Deposits		7,350
		173,009
Decreased by:		
Cash Disbursements		29,637
Balance, December 31, 2022	\$	143,372

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE
OTHER TRUST FUND**

Balance, December 31, 2021	\$	50,379
Decreased by:		
Payroll Deductions Paid (net of employee deductions withheld)		11,069
Balance, December 31, 2022	\$	39,310

**STATEMENT OF ACCRUED SALARIES AND WAGES
OTHER TRUST FUND**

Balance, December 31, 2021	\$	162,722
Increased by:		
Payroll Deposits (net of salaries and wages paid)		21,887
Balance, December 31, 2022	\$	184,609

**STATEMENT OF RESERVE FOR FLEX SPENDING
OTHER TRUST FUND**

Balance, December 31, 2021	\$	5,679
Increased by:		
Cash Receipts		15,288
		20,967
Decreased by:		
Cash Disbursements		16,604
Balance, December 31, 2022	\$	4,363

**CITY OF RAHWAY
STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2021	\$ <u>33,052</u>
Balance, December 31, 2022	\$ <u><u>33,052</u></u>

**STATEMENT OF DUE TO GENERAL CAPITAL FUND
COMMUNITY DEVELOPMENT TRUST FUND**

Balance, December 31, 2021	\$ 831,000
Increased by:	
General Capital Fund Grant Proceeds	
Deposited in CDBG Trust Fund	<u>278,000</u>
Balance, December 31, 2022	\$ <u><u>1,109,000</u></u>

**STATEMENT OF DUE FROM OTHER TRUST FUND
SELF INSURANCE TRUST FUND**

Increased by:	
Payments to Other Trust Fund	<u>\$ 18,630</u>
Balance, December 31, 2022	\$ <u><u>18,630</u></u>

GENERAL CAPITAL FUND

**CITY OF RAHWAY
STATEMENT OF GENERAL CAPITAL CASH - TREASURER**

Balance, December 31, 2021		\$ 4,820,028
Increased by Receipts:		
Interest Earned	\$ 7,987	
Grant Proceeds		
Deferred Charges Unfuned	1,269,428	
Grants Receivable	91,810	
Current Fund Budget Appropriation		
Capital Improvement Fund	250,000	
Deferred Charge	468,089	
Receipts from Current Fund	3,649,070	
Receipts from Sewer Utility Operating Fund	108,486	
Receipts from Sewer Utility Capital Fund	41,819	
Receipts from Parking Utility Operarting Fund	772,500	
Bond Proceeds	7,330,000	
Bond Anticipation Note Proceeds	2,246,044	
Premium on Bond Anticipation Note	397,420	
	<u>16,632,653</u>	
		21,452,681
Decreased by Disbursements:		
Improvement Authorizations	4,716,032	
Contracts Payable	2,673,686	
Bond Anticipation Notes	7,803,044	
Current Fund Realized Revenue		
Fund Balance	500,000	
Payments to Water Utility Capital Fund	100,000	
Payments to Parking Utility Capital Fund	759,712	
	<u>16,552,474</u>	
Balance, December 31, 2022		\$ <u>4,900,207</u>

**CITY OF RAHWAY
ANALYSIS OF GENERAL CAPITAL CASH**

		Balance, December 31, <u>2022</u>
Fund Balance		\$ 5,747,896
Capital Improvement Fund		51,272
Grants Receivable		(700,000)
Due from Current Fund		(1,706,870)
Due from CDBG Trust		(831,000)
Due from Water Utility Capital Fund		(1,354,582)
Due from Sewer Utility Capital Fund		36,960
Contracts Payable		2,996,840
Reserve for Payment of Debt		361,810
Excess Note Proceeds		283,730
<u>Ord. No.</u>	<u>Description</u>	
9-13/38-13	Various Capital Improvements	239,565
10-13	Police Ballistic Equipment	9,677
37-13	DPW and Fire Equipment	56,631
44-13/12-14	2013 Road Improvements	80,853
50-13	Acquisition of Equipment	38,044
6-14	2014 Sidewalk Replacement Program	3,182
7-14	Rahway River Park Athletic Field Improvements	1,135,618
13-14	Various 2014 Capital Improvements	29,171
26-14	Contribution and/or Loan to Rahway Redevelopment Agency for the Purpose of Acquiring Real Property	750,000
27-14	2014 Road Reconstruction and Resurfacing Program	18,211
30-14	Asbestos Remediation of City Properties	6,453
13-15	Acquisition and Installation of Police Body Cameras	14,111
14-15	2015 Road Improvements	94,687
19-15	Various 2015 Improvements	60,528
27-15	Improvements to Crosswalk - East Milton and Lenox	62,136
9-16	Environmental Remediation of Various Properties	226
18-16	2016 Road Reconstruction and Resurfacing	25,940
30-16	Various 2016 Capital Improvements	385,515
22-17	Sidewalk Improvements	19,348
26-17-xx-21	Madden Field Improvements	152,866
7-18	2018 Road Improvements	49,246
13-18	Various Improvements	179,321
14-18	DPW, Recreation and Arts	30,123
22-18	Monroe Street Improvements	238,970
11-19	Acquisition of Fire Department Equipment	25,934
15-19	Central Business Redevelopment	500,000
19-19	Purchase of Buses for Senior Citizen Transportation	28,075
31-19/31-20	Various Capital Improvements	469,725
32-19	Acquisition of Property	(23,209)
10-20/32-20	Various Improvements to Brennan Field	(709,266)
12-20	2020 Road Improvement Program	62,849
18-20	Improvements to Madden Field	(500,000)
25-20	Various 2020 Capital Acquisitions & Improvements	619,201
33-20	Purchase of Ambulance and 911 Command Center	39,536
40-20	Purchase and Installation of Outdoor Shelters	(12,865)
4-21/47-21	2021 Road and Sidewalk Improvement Program	(671,427)
8-21	Acquisition of Equipment, Vehicle and Fire Rescue Truck	844
36-21	Various Public Improvements and Acquisitions of Equipment	(1,029,288)
41-21	Replacement of HVAC Chiller Unity at City Hall	(374,023)
15-22	Reconstruction of Tennis Court Surfaces at Berzinec Park	20,000
16-22	2022 Road and Sidewalk Improvement Program	(739,725)
23-22	Various Public Improvements and Acquisitions of Equipment	(437,279)
24-22	Streetscape Improvements in Downtown Business District	(947,353)
48-22	Acquisition of New Ladder Fire Truck	12,000
		<u>\$ 4,900,207</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM CURRENT FUND**

Balance, December 31, 2021		\$ 5,363,927
Decreased by:		
Interest on Investments	\$ 7,987	
Receipts from Current Fund	<u>3,649,070</u>	
		<u>3,657,057</u>
Balance, December 31, 2022		<u>\$ 1,706,870</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2021 (Restated)		\$ 38,214,055
Increased by:		
Serial Bonds Issued		<u>7,330,000</u>
		45,544,055
Decreased by:		
Current Fund Budget Appropriations:		
Serial Bonds Principal Paydowns	\$ 4,583,504	
Green Acres Loan Principal Paydowns	<u>44,719</u>	
		<u>4,628,223</u>
Balance, December 31, 2022		<u>\$ 40,915,832</u>

**CITY OF RAHWAY
STATEMENT OF DEFERRED CHARGES UNFUNDED**

Ord. No.	Description	Balance December 31, 2021	2022 Authorizations	Serial Bonds Issued	Grant Proceeds	Balance December 31, 2022	Analysis of Balance		Unexpended Improvement Authorization
							Bond Anticipation Notes	Expended	
26-17	Madden Field Improvements	\$ 2,142,768		\$ 2,141,423		\$ 1,345		\$ 1,345	
22-18	Improvements to Monroe Street	476,190		476,190					
5-19	Various Road Improvements	878,069		878,069					
10-19	Acquisition of Real Property	85,137		85,137					
11-19	Acquisition of Fire Department Equipment	261,250		261,250					
15-19	Aid to a Redevelopment Project	2,000,000		2,000,000					
19-19	Purchase of Buses for Senior Citizen Transportation	142,500		142,500					
31-19/31-20	Various Capital Improvements	1,077,250		1,075,431		1,819			\$ 1,819
32-19	Acquisition of Property	550,000				550,000	\$ 510,000	23,209	16,791
10-20/32-20 / 17-22	Various Improvements to Brennan Field	497,500	\$ 309,000			806,500		709,266	97,234
12-20	2020 Road Improvement Program	1,570,000			\$ 653,730	916,270	916,270	-	
18-20	Improvements to Madden Field	800,000				800,000	300,000	500,000	
25-20	Various 2020 Capital Acquisitions & Improvements	1,171,956				1,171,956	1,171,956		
33-20	Purchase of Ambulance and 911 Command Center	714,000				714,000	710,000		4,000
40-20	Purchase and Installation of Outdoor Shelters	142,500				142,500	120,000	12,865	9,635
4-21/47-21	2021 Road and Sidewalk Improvement Program	3,185,000			425,698	2,759,302	2,023,044	671,427	64,831
8-21	Acquisition of Equipment, Vehicle and Fire Rescue Truck	665,000				665,000	665,000		
36-21	Various Public Improvements and Acquisitions of Equipment	1,428,000				1,428,000		1,029,288	398,712
41-21	Replacement of HVAC Chiller Unity at City Hall	380,000				380,000		374,023	5,977
15-22	Reconstruction of Tennis Court Surfaces at Berzinec Park		380,000			380,000			380,000
16-22	2022 Road and Sidewalk Improvement Program		2,520,000		468,000	2,052,000		461,725	1,590,275
23-22	Various Public Improvements and Acquisitions of Equipment		1,999,000			1,999,000		437,279	1,561,721
24-22	Streetscape Improvements in Downtown Business District		1,666,000			1,666,000		947,353	718,647
48-22	Acquisition of New Ladder Fire Truck	-	238,000	-	-	238,000	-	-	238,000
		<u>\$ 18,167,120</u>	<u>\$ 7,112,000</u>	<u>\$ 7,060,000</u>	<u>\$ 1,547,428</u>	<u>\$ 16,671,692</u>	<u>\$ 6,416,270</u>	<u>\$ 5,167,780</u>	<u>\$ 5,087,642</u>
				Serial Bonds Issued	\$ 7,330,000		Bond Anticipation Notes	\$ 6,700,000	
				Excess Proceeds (Reserve for Payment of Debt)			Less: Excess Proceeds		
				Ord. 5-19	(270,000)		Ord. 12-20	(283,730)	
					<u>\$ 7,060,000</u>			<u>\$ 6,416,270</u>	
				Cash Receipts	\$ 1,269,428		Improvement Authorizations - Unfunded	\$ 5,810,072	
				Due from CDBG Trust Fund	278,000		Less: Unexpended Note Proceeds		
					<u>\$ 1,547,428</u>		Ord. 12-20	\$ 62,849	
							Ord. 25-20	619,201	
							Ord. 33-20	39,536	
							Ord. 8-21	844	
									<u>722,430</u>
									<u>\$ 5,087,642</u>

**CITY OF RAHWAY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Description	Ord. No.	Balance,		2022 Authorizations		Expended	Cancelled Contracts	Balance,	
		December 31, 2021		Capital	Deferred			December 31, 2022	
		Funded	Unfunded	Improvement Fund	Charges - Unfunded			Funded	Unfunded
Various Capital Improvements	9-13/38-13	\$ 239,565						\$ 239,565	
Police Ballistic Equipment	10-13	9,677						9,677	
DPW and Fire Equipment	37-13	56,631						56,631	
2013 Road Improvements	44-13/12-14	80,853						80,853	
Acquisition of Equipment	50-13	38,044						38,044	
2014 Sidewalk Replacement Program	6-14	3,182						3,182	
Rahway River Park Athletic Field Improvements	7-14	1,135,618						1,135,618	
Various 2014 Capital Improvements	13-14	29,171						29,171	
Contribution and/or Loan to the Rahway Redevelopment Agency for the Purpose of Acquiring Real Property	26-14	750,000						750,000	
2014 Road Reconstruction and Resurfacing Program	27-14	18,211						18,211	
Asbestos Remediation of City Properties	30-14	6,453						6,453	
Acquisition and Installation of Police Body Cameras	13-15	14,111						14,111	
2015 Road Improvements	14-15	94,687						94,687	
Various 2015 Improvements	19-15	75,184			\$ 14,656			60,528	
Improvements to Crosswalk - East Milton and Lenox	27-15	62,136						62,136	
Environmental Remediation of Various Properties	9-16	226						226	
2016 Road Reconstruction and Resurfacing	18-16	25,940						25,940	
Various 2016 Capital Improvements	30-16	393,015			7,500			385,515	
Sidewalk Improvements	22-17	19,348						19,348	
Madden Field Improvements	26-17/XX-21	245,075			90,864			154,211	
2018 Road Improvements	7-18	49,246						49,246	
Various Improvements	13-18	297,146			117,825			179,321	
DPW, Recreation and Arts	14-18	30,123						30,123	
Monroe Street Improvements	22-18	\$ 238,970						238,970	
Fire Equipment	11-19	25,934						25,934	
Central Business Redevelopment	15-19	500,000						500,000	
Senior Buses	19-19	28,075						28,075	
Various Capital Improvements	31-19/31-20	356,318					\$ 115,226	469,725	\$ 1,819
Acquisition of Property	32-19	16,791						16,791	
Various Improvements to Brennan Field	10-20/32-20 / 17-22	464,157	\$ 16,000	\$ 309,000	691,923			97,234	
2020 Road Improvement Program	12-20	208,647			145,798			62,849	
Improvements to Madden Field	18-20	451,829			451,829				
Various 2020 Capital Acquisitions & Improvements	25-20	666,087			46,886			619,201	
Purchase of Ambulance and 911 Command Center	33-20	43,536						43,536	
Purchase and Installation of Outdoor Shelters	40-20	33,935			24,300			9,635	
2021 Road and Sidewalk Improvement Program	04-21/47-21	1,370,997			1,306,166			64,831	
Acquisition of Equipment, Vehicle and Fire Rescue Truck	08-21	15,327			14,483			844	
Various Public Improvements and Acquisitions of Equipment	36-21	1,118,762			720,050			398,712	
Replacement of HVAC Chiller Unity at City Hall	41-21	311,570			305,593			5,977	
Reconstruction of Tennis Court Surfaces at Berzinec Park	15-22			20,000	380,000			20,000	380,000
2022 Road and Sidewalk Improvement Program	16-22			130,000	2,520,000	1,059,725			1,590,275
Various Public Improvements and Acquisitions of Equipment	23-22			101,000	1,999,000	538,279			1,561,721
Streetscape Improvements in Downtown Business District	24-22			84,000	1,666,000	1,031,353			718,647
Acquisition of New Ladder Fire Truck	48-22	-	-	12,000	238,000	-	-	12,000	238,000
		<u>\$ 3,673,642</u>	<u>\$ 5,850,935</u>	<u>\$ 363,000</u>	<u>\$ 7,112,000</u>	<u>\$ 6,567,230</u>	<u>\$ 115,226</u>	<u>\$ 4,737,501</u>	<u>\$ 5,810,072</u>
				Cash Disbursements		\$ 4,716,032			
				Contracts Payable		1,851,198			
						<u>\$ 6,567,230</u>			

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2022</u>		<u>Interest Rate</u>		<u>Balance, December 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>						
2012 Refunding Bonds	5/24/2012	4,994,538	12/1/2023	\$ 493,185	2.625 %	994,728		\$ 501,544	\$ 493,184	
2013 General Obligation Bonds	9/30/2013	7,425,000	9/15/2023	385,000	3.000					
			9/15/2024	395,000	3.000					
			9/15/2025	405,000	3.125					
			9/15/2026	420,000	3.375					
			9/15/2027	430,000	3.500					
			9/15/2028	440,000	3.750					
			9/15/2029	455,000	4.000					
			9/15/2030	475,000	4.000					
			9/15/2031	490,000	4.000					
			9/15/2032	515,000	4.000					
2014 Refunding Bonds	9/29/2014	1,720,000	6/15/2023	270,000	4.000	520,000		250,000	270,000	
2015 General Obligation Bonds	8/1/2015	\$ 9,460,000	8/1/2023-2025	650,000	4.000					
			8/1/2026	680,000	3.000					
			8/1/2027	690,000	3.000					
			8/1/2028-2029	700,000	3.000					
			8/1/2030	700,000	3.125					
			8/1/2031	700,000	3.250					

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>December 31, 2022</u>	<u>Amount</u>					
2015 Refunding Bonds	8/28/2015	4,463,056	10/1/2023	\$ 486,611	4.000 %	\$ 1,440,171		\$ 476,780	\$ 963,391
			10/1/2024	476,780	4.000				
2016 General Obligation Bonds	8/4/2016	8,627,000	8/1/2023	500,000	4.000	6,602,000		500,000	6,102,000
			8/1/2024-2026	600,000	4.000				
			8/1/2027-2029	750,000	3.000				
			8/1/2030	755,000	3.000				
			8/1/2031	797,000	3.000				
2016 Refunding Bonds	9/15/2016	\$ 11,683,178	4/15/2023	1,175,180	4.000	8,532,968		1,175,180	7,357,788
			4/15/2024	1,170,180	4.000				
			4/15/2025	1,160,697	4.000				
			4/15/2026	1,131,731	2.000				
			4/15/2027	690,000	4.000				
			4/15/2028	685,000	4.000				
			4/15/2029	675,000	4.000				
			4/15/2030	670,000	4.000				
			2019 General Obligation Bonds	7/15/2019	3,875,000				
7/15/2024	290,000	4.00							
7/15/2025	315,000	4.00							
7/15/2026	335,000	4.00							
7/15/2027	355,000	4.00							
7/15/2028	375,000	4.00							
7/15/2029	395,000	4.00							
7/15/2030	415,000	4.00							
7/15/2031	430,000	2.00							

**CITY OF RAHWAY
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, 2021	Grants Awarded	Cash Receipts	Balance, December 31, 2022	Pledged to: Improvement Authorization	Reserve for Receivable
NJ Department of Transportation						
Ord. 14-17 - 2017 Road Program	\$ 9,595			\$ 9,595		\$ 9,595
Ord. 5-19 - 2019 Road Improvements	135,569		\$ 91,810	43,759		43,759
NJ Department of Environmental Protection						
Green Acres Program						
Ord. 26-17 Madden Field Improvements	1,000,000			1,000,000		1,000,000
Ord. 18-20 Madden Field Improvements	400,000			400,000		400,000
Ord. XX-21 Madden Field	500,000			500,000	\$ 500,000	
County of Union						
Ord. 3-14 - HS Park Improvements	75,950			75,950		75,950
Ord 14-17 - 2017 Road Program	35,000			35,000		35,000
Recreation Trust						
Ord. 17-07 - Madden Field Lighting	200,000			200,000	200,000	
Ord. 35-09 - Madden Fieldhouse	100,000	-	-	100,000	-	100,000
	<u>\$ 2,456,114</u>	<u>\$ -</u>	<u>\$ 91,810</u>	<u>\$ 2,364,304</u>	<u>\$ 700,000</u>	<u>\$ 1,664,304</u>

CITY OF RAHWAY
STATEMENT OF BOND ANTICIPATION NOTES

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 31, 2021	Increases	Decreases	Balance December 31, 2022
26-17	Madden Field Improvements	7/31/2019	7/28/2021	7/28/2022	1.00%	\$ 2,141,423		\$ 2,141,423	
22-18	Improvements to Monroe Street	7/31/2019	7/28/2021	7/28/2022	1.00%	476,190		476,190	
5-19	Various Road Improvements	7/31/2019	7/28/2021	7/28/2022	1.00%	1,662,500		1,662,500	
10-19	Acquisition of Real Property	7/31/2019	7/28/2021	7/28/2022	1.00%	85,137		85,137	
11-19	Acquisition of Fire Department Equipment	7/31/2019	7/28/2021	7/28/2022	1.00%	261,250		261,250	
15-19	Aid to a Redevelopment Project	7/29/2020	7/28/2021	7/28/2022	1.00%	2,000,000		2,000,000	
19-19	Purchase of Buses for Senior Citizen Transportation	7/29/2020	7/28/2021	7/28/2022	1.00%	142,500		142,500	
31-19/31-20	Various Capital Improvements	7/29/2020	7/28/2021	7/28/2022	1.00%	1,006,000		1,006,000	
32-19	Acquisition of Property	7/28/2021 7/28/2022	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	510,000	\$ 510,000	510,000	\$ 510,000
12-20	2020 Road Improvement Program	7/28/2021 7/28/2022	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	1,200,000	1,200,000	1,200,000	1,200,000
18-20	Improvements to Madden Field	7/28/2021 7/28/2022	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	300,000	300,000	300,000	300,000
25-20	Various 2020 Capital Acquisitions & Improvements	7/28/2021 7/28/2022	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	1,200,000	1,171,956	1,200,000	1,171,956
33-20	Purchase of Ambulance and 911 Command Center	7/28/2021 7/28/2022	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	710,000	710,000	710,000	710,000
40-20	Purchase and Installation of Outdoor Shelters	7/28/2021 7/28/2022	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	120,000	120,000	120,000	120,000
8-21	Acquisition of Equipment, Vehicle and Fire Rescue Truck	7/28/2021 7/28/2022	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	442,000	665,000	442,000	665,000
4-21/47-21	2021 Road and Sidewalk Improvement Program	7/28/2022	7/28/2022	7/28/2023	3.50%	-	2,023,044	-	2,023,044
						<u>\$ 12,257,000</u>	<u>\$ 6,700,000</u>	<u>\$ 12,257,000</u>	<u>\$ 6,700,000</u>
							\$ 4,453,956	\$ 4,453,956	
							2,246,044		
								7,260,569	
							-	542,475	
						<u>\$ 6,700,000</u>	<u>\$ 12,257,000</u>		

**CITY OF RAHWAY
STATEMENT OF LOANS PAYABLE**

Balance, December 31, 2021 (Restated)	\$ 254,188
Decreased by:	
Principal Paid by Budget Appropriation	<u>44,719</u>
Balance, December 31, 2022	<u>\$ 209,469</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2021	\$ 164,272
Increased by:	
Current Fund Budget Appropriation	<u>250,000</u>
	414,272
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>363,000</u>
Balance, December 31, 2022	<u>\$ 51,272</u>

**CITY OF RAHWAY
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2021		\$ 3,934,554
Increased by:		
Charged to Improvement Authorizations		<u>1,851,198</u>
		5,785,752
Decreased by:		
Cash Disbursements	\$ 2,673,686	
Cancellations	<u>115,226</u>	
		<u>2,788,912</u>
Balance, December 31, 2022		<u>\$ 2,996,840</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Increased by:		
Excess Bond Sale Proceeds	\$ 270,000	
Grant Proceeds on Funded Improvement Authorizations	<u>91,810</u>	
		<u>\$ 361,810</u>
Balance, December 31, 2022		<u>\$ 361,810</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021	<u>\$ 772,500</u>
Decreased by:	
Receipts from Parking Utility Operating Fund	<u>\$ 772,500</u>

STATEMENT OF DUE TO PARKING UTILITY CAPITAL FUND

Balance, December 31, 2021	<u>\$ 759,712</u>
Decreased by:	
Payments to Parking Utility Operating Fund	<u>\$ 759,712</u>

**STATEMENT OF DEFERRED CHARGE -
OVEREXPENDITURE OF ORDINANCE**

Balance, December 31, 2021	<u>\$ 468,089</u>
Decreased by:	
Current Fund Budget Appropriation	<u>\$ 468,089</u>

CITY OF RAHWAY
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2021</u>	2022 <u>Authorizations</u>	Bond <u>Proceeds</u>	Notes Issued <u>for Cash</u>	Grant <u>Proceeds</u>	Balance, December 31, <u>2022</u>
26-17	Madden Field Improvements	\$ 1,345					\$ 1,345
31-19/31-20	Various Capital Improvements	71,250		\$ 69,431			1,819
32-19	Acquisition of Property	40,000					40,000
10-20/32-20 / 17-22	Various Improvements to Brennan Field	497,500	\$ 309,000				806,500
12-20	2020 Road Improvement Program	370,000				\$ 370,000	
18-20	Improvements to Madden Field	500,000					500,000
33-20	Purchase of Ambulance and 911 Command Center	4,000					4,000
40-20	Purchase and Installation of Outdoor Shelters	22,500					22,500
4-21/47-21	2021 Road and Sidewalk Improvement Program	3,185,000			\$ 2,023,044	425,698	736,258
8-21	Acquisition of Equipment, Vehicle and Fire Rescue Truck	223,000			223,000		
36-21	Various Public Improvements and Acquisitions of Equipment	1,428,000					1,428,000
41-21	Replacement of HVAC Chiller Unity at City Hall	380,000					380,000
15-22	Reconstruction of Tennis Court Surfaces at Berzinec Park		380,000				380,000
16-22	2022 Road and Sidewalk Improvement Program		2,520,000			468,000	2,052,000
23-22	Various Public Improvements and Acquisitions of Equipment		1,999,000				1,999,000
24-22	Streetscape Improvements in Downtown Business District		1,666,000				1,666,000
48-22	Acquisition of New Ladder Fire Truck	-	238,000	-	-	-	238,000
		<u>\$ 6,722,595</u>	<u>\$ 7,112,000</u>	<u>\$ 69,431</u>	<u>\$ 2,246,044</u>	<u>\$ 1,263,698</u>	<u>\$ 10,255,422</u>

WATER UTILITY FUND

**CITY OF RAHWAY
WATER UTILITY CASH
STATEMENT OF CASH - COLLECTOR/TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2021	\$ 5,855,553	\$ 3,338,511
Increased by Receipts:		
Consumer Accounts Receivable	\$ 8,754,193	
Water Connection Fees	948,311	
Interest on Investments	31,902	\$ 3,376
Bond Anticipation Notes		4,150,000
Premium on Notes		98,125
Receipts from Current Fund	372,122	
Receipts from General Capital Fund		100,000
Receipts from Water Utility Capital Fund	<u>6,523,127</u>	<u>-</u>
	<u>16,629,655</u>	<u>4,351,501</u>
	22,485,208	7,690,012
Decreased by Disbursements:		
2022 Budget Appropriations	7,177,637	
Encumbrances Payable	731,330	
Accounts Payable and Other Liabilities	524	
Contracts Payable		9,651
Improvement Authorizations		1,145,233
Accrued Interest on Bonds and Notes	436,223	
Payments to Water Utility Operating Fund		6,523,127
Payments to Sewer Utility Operating Fund	2,588,003	
Refund of Prior Year Revenue	16,508	
Current Fund Anticipated Revenue		
Prior Year Fund Balance	<u>750,000</u>	<u>-</u>
	<u>11,700,225</u>	<u>7,678,011</u>
Balance, December 31, 2022	<u>\$ 10,784,983</u>	<u>\$ 12,001</u>

**CITY OF RAHWAY
WATER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance, December 31, <u>2022</u>
Fund Balance	\$ 893,318
Capital Improvement Fund	106,472
Reserve for Future Capital Improvements	1,308,173
Due to General Capital Fund	1,354,582
Due from Water Utility Operating Fund	(4,376,385)
Contracts Payable	171,735
Loans Receivable	(397,438)
 <u>Improvement Authorizations</u>	
 <u>Ord. No.</u>	
30-12/23-13 Replacement of Hamilton St. Water Main	116,754
28-14 Various 2014 Water Utility Capital Improvements	94,921
2-15/14-16 Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	(2,262,602)
10-15 Various 2015 Water Utility Improvements	9,226
28-16 Various Improvements to Water Treatment Plant	159,785
12-17 Water Main Improvements	42,954
15-18 Various Improvements to Water Treatment Plant	400,000
13-20 Various Improvements to Water Storage Tanks	491,750
16-20 Upgrade of Granular Activated Carbon Filter System	423,833
27-20 Various 2020 Acquisitions and Improvements	143,759
34-21 Various Improvements	1,675,000
25-22 Lead Water Service Pipe Replacement Project	<u>(343,836)</u>
	 <u>\$ 12,001</u>

EXHIBIT D-7

**CITY OF RAHWAY
STATEMENT OF CHANGE FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ <u>200</u>
Balance, December 31, 2022	\$ <u>200</u>

EXHIBIT D-8

**STATEMENT OF LOANS RECEIVABLE
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ <u>397,438</u>
Balance, December 31, 2022	\$ <u>397,438</u>

EXHIBIT D-9

**STATEMENT OF FIXED CAPITAL
WATER UTILITY CAPITAL FUND**

<u>Account</u>	Balance, December 31 <u>2021</u>	Balance, December 31 <u>2022</u>
Filtration Plant Improvements/Upgrades	\$ 37,234,672	\$ 37,234,672
Wells and Distribution System	10,725,791	10,725,791
General Equipment	573,836	573,836
Various Water System Improvements	7,544,791	7,544,791
Land	<u>25,000</u>	<u>25,000</u>
	\$ <u>56,104,090</u>	\$ <u>56,104,090</u>

**CITY OF RAHWAY
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
WATER UTILITY CAPITAL FUND**

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance, December 31 2021	Increased by: 2022 Authorizations	Decreased by: Transferred to Fixed Capital	Balance, December 31 2022
30-12/23-13	Replacement of Hamilton St. Water Main	2012	\$ 1,375,000	\$ 190,893			\$ 190,893
28-14	Various 2014 Water Utility Capital Improvements	2014	300,000	114,306			114,306
2-15	Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	2015	19,785,000	3,581,972			3,581,972
10-15	Various 2015 Water Utility Improvements	2015	925,000	212,015			212,015
28-16	Various Improvements to Water Treatment Plant	2016	400,000	160,064			160,064
12-17	Water Main Improvements	2017	800,000	45,119			45,119
15-18	Various Improvements to Water Treatment Plant	2018	400,000	400,000			400,000
11-20	Various Acquisitions	2020	525,000	525,000			525,000
16-20	GAC Filtration System	2020	2,500,000	2,500,000			2,500,000
27-20	Various Acquisitions	2020	750,000	750,000			750,000
34-21	Water Utility Repairs and Improvements	2021	1,675,000	1,675,000			1,675,000
25-22	Lead Water Service Pipe Replacement Project	2022	775,000	-	\$ 775,000	-	775,000
				<u>\$ 10,154,369</u>	<u>\$ 775,000</u>	<u>\$ -</u>	<u>\$ 10,929,369</u>

**CITY OF RAHWAY
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 1,614,126
Increased by:	
Water Rents Levied	<u>8,578,627</u>
	10,192,753
Decreased by:	
Collections	<u>8,754,193</u>
Balance, December 31, 2022	<u>\$ 1,438,560</u>

**CITY OF RAHWAY
STATEMENT OF 2021 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND**

	Balance December 31, <u>2021</u>	Cancelled <u>Encumbrances</u>	Adjusted <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Management Fee	-	-	-	-	-
Other Expenses	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There were no unexpended 2021 appropriation reserves.

**CITY OF RAHWAY
STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2021		\$ 779,442
Increased by:		
Charged to 2022 Budget Appropriations		<u>334,215</u>
		1,113,657
Decreased by:		
Cash Disbursements	\$ 731,330	
Transferred to Accounts Payable	<u>48,112</u>	
		<u>779,442</u>
Balance, December 31, 2022		<u>\$ 334,215</u>

STATEMENT OF ACCOUNTS PAYABLE AND OTHER LIABILITIES

Balance, December 31, 2021		\$ 171,243
Increased by:		
Transferred from Appropriation Reserves		<u>48,112</u>
		219,355
Decreased by:		
Cash Disbursements	\$ 524	
Cancelled to Operations	<u>10,368</u>	
		<u>10,892</u>
Balance, December 31, 2022		<u>\$ 208,463</u>

**STATEMENT OF DUE FROM / TO WATER UTILITY CAPITAL FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2021 (Due from)		\$ 2,546,539
Increased by:		
Interest Earned - Water Utility Capital Fund		<u>3,376</u>
		2,549,915
Decreased by:		
Budget Appropriation - Capital Outlay	\$ 403,173	
Receipts from Water Utility Capital Fund	<u>6,523,127</u>	
		<u>6,926,300</u>
Balance, December 31, 2022 (Due to)		<u>\$ 4,376,385</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM CURRENT FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 1,687,306
Decreased by:	
Receipts from Current Fund	<u>372,122</u>
Balance, December 31, 2022	<u>\$ 1,315,184</u>

**STATEMENT OF DUE TO GENERAL CAPITAL FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ 1,254,582
Increased by:	
Receipts from General Capital Fund	<u>100,000</u>
Balance, December 31, 2022	<u>\$ 1,354,582</u>

**STATEMENT OF RESERVE FOR FUTURE CAPITAL IMPROVEMENTS
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ 905,000
Increased by:	
2022 Budget Appropriation - Capital Outlay	<u>403,173</u>
Balance, December 31, 2022	<u>\$ 1,308,173</u>

**CITY OF RAHWAY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND**

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2021		2022 Authorizations	Contracts Cancelled	Paid or Charged	Balance December 31, 2022	
			Funded	Unfunded				Funded	Unfunded
30-12/23-13	Replacement of Hamilton St. Water Main	1,375,000	\$ 116,754	\$ 58,559				\$ 116,754	\$ 58,559
28-14	Various 2014 Water Utility Capital Improvements	300,000	94,921					94,921	
2-15/14-16	Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	19,785,000		3,370,243		\$ 164,229			3,534,472
10-15	Various 2015 Water Utility Improvements	925,000	56,164			\$ 46,938		9,226	
28-16	Various Improvements to Water Treatment Plant	400,000	159,785	279				159,785	279
12-17	Water Main Improvements	800,000	42,954					42,954	
15-18	Various Improvements to Water Treatment Plant	400,000		400,000					400,000
13-20	Various Improvements to Water Storage Tanks	525,000		491,750					491,750
16-20	Upgrade of Granular Activated Carbon Filter System	2,500,000		1,248,925			825,092		423,833
27-20	Various 2020 Acquisitions and Improvements	750,000		221,857			78,098		143,759
34-21	Various Improvements	1,675,000		1,675,000					1,675,000
25-22	Lead Water Service Pipe Replacement Project	775,000	-	-	\$ 775,000	-	343,836	-	431,164
			<u>\$ 470,578</u>	<u>\$ 7,466,613</u>	<u>\$ 775,000</u>	<u>\$ 164,229</u>	<u>\$ 1,293,964</u>	<u>\$ 423,640</u>	<u>\$ 7,158,816</u>
				Cash Disbursements			\$ 1,145,233		
				Contracts Payable			148,731		
							<u>\$ 1,293,964</u>		

**CITY OF RAHWAY
STATEMENT OF CONTRACTS PAYABLE
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021		\$ 196,884
Increased by:		
Charges to Improvement Authorizations		<u>148,731</u>
		345,615
Decreased by:		
Cash Disbursements	\$ 9,651	
Cancelled	<u>164,229</u>	
		<u>173,880</u>
Balance, December 31, 2022		<u>\$ 171,735</u>

**STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021		\$ 31,817,473
Increased by:		
Serial Bonds Paid by Operating Budget	\$ 545,000	
NJ EIT Loans Paid by Operating Budget	<u>622,897</u>	
		<u>1,167,897</u>
Balance, December 31, 2022		<u>\$ 32,985,370</u>

**STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021		<u>\$ 303,929</u>
Balance, December 31, 2022		<u>\$ 303,929</u>

**CITY OF RAHWAY
STATEMENT OF WATER SERIAL BONDS
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31 2021</u>	<u>Decreased</u>	<u>Balance, December 31 2022</u>
			<u>Date</u>	<u>Amount</u>				
2014 Refunding Bonds	9/29/2014	1,670,000	6/15/2023	\$ 265,000	4.00%	\$ 505,000	\$ 240,000	\$ 265,000
2018 General Obligation Bonds	6/15/2018	4,714,000	6/15/2023	160,000	5.00%			
			6/15/2024	170,000	5.00%			
			6/15/2025	185,000	5.00%			
			6/15/2026	275,000	2.500%			
			6/15/2027	275,000	2.625%			
			6/15/2028-2031	275,000	3.000%			
			6/15/2032	280,000	3.000%			
			6/15/2033-2034	280,000	3.125%			
			6/15/2035-2037	280,000	3.250%			
			6/25/2038	279,000	3.375%			
2019 General Obligation Bonds	7/31/2019	3,900,000	7/15/2023	160,000	3.00%			
			7/15/2024	245,000	4.00%			
			7/15/2025	240,000	4.00%			
			7/15/2026	165,000	4.00%			
			7/15/2027	170,000	4.00%			
			7/15/2028	175,000	4.00%			
			7/15/2029	180,000	4.00%			
			7/15/2030	185,000	4.00%			
			7/15/2031	190,000	2.00%			
			7/15/2032	195,000	3.00%			
			7/15/2033	200,000	2.50%			
			7/15/2034	205,000	2.50%			
			7/15/2035	210,000	2.50%			
			7/15/2036	220,000	3.00%			
			7/15/2037	240,000	3.00%			
			7/15/2038	245,000	3.00%			
			7/15/2039	250,000	3.00%			
						\$ 8,409,000	\$ 545,000	\$ 7,864,000
							Paid by Budget Appropriation	\$ 545,000

**CITY OF RAHWAY
WATER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2022</u>
15-18	Various Improvements to Water Treatment Plant	7/29/2020	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	400,000	\$ 400,000	\$ 400,000	\$ 400,000
06-19	Various Acquisitions and Improvements	7/29/2020	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	600,000	600,000	600,000	600,000
11-20	Various Acquisitions and Improvements	7/28/2021	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	475,000	475,000	475,000	475,000
16-20	Upgrade of Granular Activated Carbon Filter System	7/28/2021	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	800,000	2,500,000	800,000	2,500,000
27-20	Various 2020 Acquisitions and Improvements	7/28/2021	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	500,000	750,000	500,000	750,000
13-20	Improvements to Water Storage Plants	7/28/2022	7/28/2022	7/28/2023	3.50%		525,000		525,000
34-21	Various Acquisitions and Improvements	7/28/2022	7/28/2022	7/28/2023	3.50%	-	1,675,000	-	1,675,000
						<u>\$ 2,775,000</u>	<u>\$ 6,925,000</u>	<u>\$ 2,775,000</u>	<u>\$ 6,925,000</u>
					Renewals Issued for Cash		\$ 2,775,000 4,150,000	\$ 2,775,000 -	
							<u>\$ 6,925,000</u>	<u>\$ 2,775,000</u>	

**CITY OF RAHWAY
STATEMENT OF NJ EIT LOANS PAYABLE
WATER UTILITY CAPITAL FUND**

	<u>2017</u> <u>Loan</u>	<u>2018</u> <u>Loan</u>	<u>Total</u>
Balance, December 31, 2021	\$ 1,912,387	\$ 11,034,758	\$ 12,947,145
Decreased by:			
Principal Paid by Budget Appropriation	<u>118,159</u>	<u>504,738</u>	<u>622,897</u>
Balance, December 31, 2022	<u>\$ 1,794,228</u>	<u>\$ 10,530,020</u>	<u>\$ 12,324,248</u>

EXHIBIT D-26

**STATEMENT OF CAPITAL IMPROVEMENT FUND
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021	<u>\$ 106,472</u>
Balance, December 31, 2022	<u>\$ 106,472</u>

EXHIBIT D-27

**STATEMENT OF ACCRUED INTEREST PAYABLE ON BONDS AND NOTES
WATER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 125,336
Increased by:	
Budget Appropriations	
Interest on Bonds	<u>449,103</u>
	574,439
Decreased by:	
Interest Paid	<u>436,223</u>
Balance, December 31, 2022	<u>\$ 138,216</u>

**CITY OF RAHWAY
WATER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance, December 31, <u>2021</u>	2022 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2022</u>
30-12/23-13	Replacement of Water Main on Hamilton St.	\$ 58,559			\$ 58,559
2-15/4-16	Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	5,797,074			5,797,074
28-16	Various Improvements to Water Treatment Plant	279			279
13-20	Various Improvements to Water Storage Tanks	525,000		\$ 525,000	
16-20	Upgrade of Granular Activated Carbon Filter System	1,700,000		1,700,000	
27-20	Various 2020 Acquisitions and Improvements	250,000		250,000	
34-21	Water Utility Repairs and Improvements	1,675,000		1,675,000	
25-22	Lead Water Service Pipe Replacement Project	<u>-</u>	<u>\$ 775,000</u>	<u>-</u>	<u>775,000</u>
		<u>\$ 10,005,912</u>	<u>\$ 775,000</u>	<u>\$ 4,150,000</u>	<u>\$ 6,630,912</u>

SEWER UTILITY FUND

**CITY OF RAHWAY
SEWER UTILITY CASH
STATEMENT OF CASH - COLLECTOR/TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2021	\$ 5,304	\$ 181,406
Increased by Receipts:		
Consumer Accounts Receivable	\$ 5,583,425	
Industrial Sewer Flow Charges	118,765	
Nonbudget Revenue	267,692	
Interest Earned		\$ 1,691
Receipts from Current Fund	2,588,003	1,520,154
Receipts from Sewer Utility Capital Fund	1,706	
Serial Bonds		1,848,000
Premium on Bonds	<u>-</u>	<u>76,259</u>
	<u>8,559,591</u>	<u>3,446,104</u>
	8,564,895	3,627,510
Decreased by Disbursements:		
2022 Budget Appropriations	5,909,977	
Encumbrances Payable	206	
Improvement Authorizations		105,968
Contracts Payable		9,449
Bond Anticipation Notes		1,498,000
Accrued Interest on Bonds and Loans	98,252	
Payments to Current Fund	1,157,508	
Payments to Other Trust Fund		85,039
Payments to General Capital Fund	108,486	41,819
Payments to Sewer Utility Operating Fund	<u>-</u>	<u>1,706</u>
	<u>7,274,429</u>	<u>1,741,981</u>
Balance, December 31, 2022	<u>\$ 1,290,466</u>	<u>\$ 1,885,529</u>

**CITY OF RAHWAY
SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance, December 31, <u>2022</u>
Fund Balance	\$ 397,452
Capital Improvement Fund	374,500
Contracts Payable	53,133
Due from General Capital Fund	(36,960)
Due to Sewer Utility Operating Fund	456
<u>Improvement Authorizations</u>	
<u>Ord. No.</u>	
11-09/21-09 Wastewater Improvements	(4,248)
34-12 Improvements to Donald Avenue Storm Sewer	12,028
45-13 Flood Control Mitigation	138,796
29-14 Kline Place Storm Sewer	160,218
6-16/28-20 Inflow and Infiltration Project (Phase III)	26,043
19-16/29-20 Improvements to Witherspoon St Outfall and Monroe St Sewer Lines	202,786
23-17 Kline/Madison Sewer Improvements	90,642
16-18 Various Sewer Improvements	394,882
20-19/30-20 Repair of Sink Holes	(176,301)
24-20 Various Capital Improvements and Equipment	321,452
26-22 Various Sewer Improvements	<u>(69,350)</u>
	 <u>\$ 1,885,529</u>

**CITY OF RAHWAY
STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 750,987
Increased by:	
Sewer Rents Levied	<u>5,429,122</u>
	6,180,109
Decreased by:	
	<u>5,583,425</u>
Balance, December 31, 2022	<u>\$ 596,684</u>

**CITY OF RAHWAY
STATEMENT OF FIXED CAPITAL
SEWER UTILITY CAPITAL FUND**

<u>Account</u>	Balance, December 31, <u>2021</u>	Balance, December 31, <u>2022</u>
Various Sewer System Improvements	\$ <u>4,205,428</u>	\$ <u>4,205,428</u>
	\$ <u>4,205,428</u>	\$ <u>4,205,428</u>

CITY OF RAHWAY
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
SEWER UTILITY CAPITAL FUND

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance Amount</u>	<u>Balance, December 31, 2021</u>	<u>Increased by: 2022 Authorizations</u>	<u>Balance, December 31, 2022</u>
34-12	Improvements to Donald Avenue Storm Sewer	2012	140,000	\$ 140,000		\$ 140,000
36-13/25-14	Emergency Sinkhole Repair	2013	300,000	500,000		500,000
45-13	Flood Control Mitigation	2013	300,000	300,000		300,000
29-14	Improvement of the Storm Sewer on Kline Place	2014	350,000	350,000		350,000
6-16/28-20	Inflow and Infiltration Project (Phase III)	2016	425,000	525,000		525,000
19-16/29-20	Improvements to Witherspoon St Outfall and Monroe St Sewer Lines	2016	325,000	845,000		845,000
23-17	Kline/Madison Sewer Improvements	2017	200,000	200,000		200,000
16-18	Various Sewer Utility Improvements	2018	798,000	798,000		798,000
20-19/30-20	Repair of Sink Holes	2019	500,000	700,000		700,000
24-20	Various Capital Improvements and Equipment	2020	350,000	350,000		350,000
35-21	Various Sewer Improvements	2021	1,150,000	1,150,000		1,150,000
26-22	Various Sewer Improvements	2022	850,000	-	\$ 850,000	850,000
				<u>\$ 5,858,000</u>	<u>\$ 850,000</u>	<u>\$ 6,708,000</u>

**CITY OF RAHWAY
STATEMENT OF DUE TO CURRENT FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 1,334,283
Decreased by:	
Payments to Current Fund	<u>1,157,508</u>
Balance, December 31, 2022	<u>\$ 176,775</u>

**STATEMENT OF DUE TO GENERAL CAPITAL FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2021	<u>\$ 108,486</u>
Decreased by:	
Payments to General Capital Fund	<u>\$ 108,486</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM WATER UTILITY OPERATING FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 3,813,927
Decreased by:	
Receipts Water Utility Operating Fund	<u>2,588,003</u>
Balance, December 31, 2022	<u>\$ 1,225,924</u>

**STATEMENT OF DUE TO SEWER UTILITY OPERATING FUND
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ 471
Increased by:	
Interest Earned - Sewer Utility Capital Fund	<u>1,691</u>
	2,162
Decreased by:	
Payments to Sewer Utility Operating Fund	<u>1,706</u>
Balance, December 31, 2022	<u>\$ 456</u>

**STATEMENT OF DUE FROM/TO GENERAL CAPITAL FUND
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2021 (Due to)	\$ 4,859
Decreased by	
Payments to General Capital Fund	<u>41,819</u>
Balance, December 31, 2022 (Due from)	<u>\$ 36,960</u>

**CITY OF RAHWAY
STATEMENT OF 2021 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance December 31, <u>2021</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 2,670		\$ 2,670		\$ 2,670
Other Expenses	98,794		98,794		98,794
Sewer Treatment Expense					
Sewer Permit Fees	<u>2,430</u>	<u>-</u>	<u>2,430</u>	<u>-</u>	<u>2,430</u>
	<u>\$ 103,894</u>	<u>\$ -</u>	<u>\$ 103,894</u>	<u>\$ -</u>	<u>\$ 103,894</u>

EXHIBIT E-16

**STATEMENT OF ENCUMBRANCES PAYABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 10,206
Decreased by:	
Cash Disbursements	\$ 206
Transferred to Accounts Payable	<u>10,000</u>
	<u>\$ 10,206</u>

EXHIBIT E-17

**STATEMENT OF ACCOUNTS PAYABLE
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 20,390
Increased by:	
Transferred from Encumbrances Payable	<u>10,000</u>
	30,390
Decreased by:	
Cancelled to Operations	<u>20,390</u>
Balance, December 31, 2022	<u>\$ 10,000</u>

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS
SEWER UTILITY CAPITAL FUND**

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance, December 31, 2021	Increased	Decreased	Balance, December 31, 2022
			Date	Amount					
2012 Refunding Bonds	5/24/2012	\$ 980,462	12/1/2023	\$ 96,816	2.625	% \$ 195,272		\$ 98,456	\$ 96,816
2015 Refunding Bonds	8/28/2015	76,944	10/1/2023	8,389	4.00	24,829		8,220	16,609
			10/1/2024	8,220	4.00				
2016 Refunding Bonds	9/15/2016	251,822	4/15/2023	24,820	4.00	122,032		24,820	97,212
			4/15/2024	24,820	4.00				
			4/15/2025	24,303	4.00				
			4/15/2026	23,269	2.00				
2019 General Obligation Bonds	7/15/2019	2,275,000	7/15/2023	100,000	3.00	2,105,000		85,000	2,020,000
			7/15/2024-26	120,000	4.00				
			7/15/2027-30	130,000	4.00				
			7/15/2031	130,000	2.00				
			7/15/2032	130,000	3.00				
			7/15/2033-35	130,000	2.50				
			7/15/2036-38	130,000	3.00				
2022 Sewer Bonds	7/15/2022	1,848,000	7/15/2023	113,000	3.00				
			7/15/2024	110,000	4.00				
			7/15/2025	110,000	4.00				
			7/15/2026	125,000	4.00				
			7/15/2027	125,000	4.00				
			7/15/2028	140,000	4.00				
			7/15/2029	150,000	4.00				
			7/15/2030	150,000	4.00				
			7/15/2031	155,000	4.00				
			7/15/2032	160,000	4.00				
			7/15/2033	165,000	4.00				
			7/15/2034	170,000	3.375				
			7/15/2035	175,000	3.5				
			-	\$ 1,848,000		-	1,848,000		
					\$ 2,447,133	\$ 1,848,000	\$ 216,496	\$ 4,078,637	
						Paid by Budget Appropriation	\$ 216,496		

**CITY OF RAHWAY
STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE LOAN PAYABLE
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ 247,850
Decreased by:	
Principal Paid by Budget Appropriation	<u>148,538</u>
Balance, December 31, 2022	<u>\$ 99,312</u>

**CITY OF RAHWAY
SEWER UTILITY CAPITAL FUND
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2022</u>
23-17	Kline/Madison Sewer Improvements	7/29/2020	7/28/2021	7/28/2022	1.00%	200,000		\$ 200,000	
16-18	Various Sewer Utility Improvements	7/29/2020	7/28/2021	7/28/2022	1.00%	798,000		798,000	
20-19	Repair of Sink Holes	7/29/2020	7/28/2021	7/28/2022	1.00%	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
						<u>\$ 1,498,000</u>	<u>\$ -</u>	<u>\$ 1,498,000</u>	<u>\$ -</u>

**CITY OF RAHWAY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
SEWER UTILITY CAPITAL FUND**

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2021		2022 Authorizations	Expended	Balance, December 31, 2022	
			Funded	Unfunded			Funded	Unfunded
34-12	Improvements to Donald Avenue Storm Sewer	\$ 140,000	\$ 12,028				\$ 12,028	
45-13	Flood Control Mitigation Project	300,000	162,622			\$ 23,826	138,796	
29-14	Improvement of the Storm Sewer on Kline Place	350,000	160,218				160,218	
6-16/28-20	Inflow and Infiltration Project (Phase III)	425,000	26,043	\$ 100,000			26,043	\$ 100,000
19-16/29-20	Improvements to Witherspoon St Outfall and Monroe St Sewer Lines	325,000	10,144	720,000		7,358	202,786	520,000
23-17	Kline/Madison Sewer Improvements	200,000		90,642			90,642	
16-18	Various Sewer Improvements	798,000		394,882			394,882	
20-19/30-20	Repair of Sink Holes	500,000		23,699				23,699
24-20	Various Capital Improvements and Equipment	350,000		331,026		9,574	321,452	
35-21	Various Sewer Improvements	1,150,000		1,150,000				1,150,000
26-22	Various Sewer Improvements	850,000	-	-	\$ 850,000	69,350	-	780,650
			<u>\$ 371,055</u>	<u>\$ 2,810,249</u>	<u>\$ 850,000</u>	<u>\$ 110,108</u>	<u>\$ 1,346,847</u>	<u>\$ 2,574,349</u>
						Cash Disbursements	\$ 56,977	
						Contracts Payable	53,131	
						<u>\$ 110,108</u>		

**CITY OF RAHWAY
STATEMENT OF CONTRACTS PAYABLE
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ 58,442
Increased by:	
Charges to Improvement Authorizations	<u>4,140</u>
	62,582
Decreased by:	
Cash Disbursements	<u>9,449</u>
Balance, December 31, 2022	<u>\$ 53,133</u>

**STATEMENT OF CAPITAL IMPROVEMENT FUND
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2021	<u>\$ 374,500</u>
Balance, December 31, 2022	<u>\$ 374,500</u>

**STATEMENT OF ACCRUED INTEREST ON BONDS AND LOANS
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 10,564
Increased by:	
Budget Appropriations	
Interest on Bonds, Notes and Loans	<u>105,462</u>
	116,026
Decreased by:	
Interest Paid	<u>98,252</u>
Balance, December 31, 2022	<u>\$ 17,774</u>

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR AMORTIZATION
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2021		\$ 3,539,497
Increased by:		
Principal Paid by Budget Appropriation		
Serial Bonds	\$ 216,496	
Loans	<u>148,538</u>	
		<u>365,034</u>
Balance, December 31, 2022		<u>\$ 3,904,531</u>

STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION

Balance, December 31, 2021		\$ <u>6,700</u>
Balance, December 31, 2022		<u>\$ 6,700</u>

EXHIBIT E-27

**CITY OF RAHWAY
STATEMENT OF DUE TO OTHER TRUST FUND
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2021	<u>\$ 85,039</u>
Decreased by	
Payments to Other Trust Fund	<u>\$ 85,039</u>

EXHIBIT E-28

**STATEMENT OF DUE FROM CURRENT FUND
SEWER UTILITY CAPITAL FUND**

Balance, December 31, 2021	<u>\$ 1,520,154</u>
Decreased by:	
Receipts from Current Fund	<u>\$ 1,520,154</u>

EXHIBIT E-29

**STATEMENT OF DUE TO OTHER TRUST FUND
SEWER UTILITY OPERATING FUND**

Balance, December 31, 2021	<u>\$ 9,744</u>
Balance, December 31, 2022	<u>\$ 9,744</u>

**CITY OF RAHWAY
SEWER UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance, December 31, <u>2021</u>	2022 <u>Authorizations</u>	Serial Bonds <u>Issued</u>	Balance, December 31, <u>2022</u>
11-09 / 21-09	Wastewater Improvements	\$ 4,248			\$ 4,248
20-19/30-20	Repair of Sink Holes	200,000			200,000
28-20	Inflow and Infiltration Project (Phase III) (Suppl. 6-16)	100,000			100,000
29-20	Improvements to Witherspoon St Outfall and Monroe St Sewer Lines (Suppl. 19-16)	520,000			520,000
24-20	Various Capital Improvements and Equipment	350,000		\$ 350,000	
35-21	Various Sewer Improvements	1,150,000			1,150,000
26-22	Various Sewer Improvements	<u>-</u>	<u>\$ 850,000</u>	<u>-</u>	<u>850,000</u>
		<u>\$ 2,324,248</u>	<u>\$ 850,000</u>	<u>\$ 350,000</u>	<u>\$ 2,824,248</u>

PARKING UTILITY FUND

**CITY OF RAHWAY
PARKING UTILITY CASH
STATEMENT OF CASH - COLLECTOR/TREASURER**

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2021	\$ 5,714,756	\$ 86,771
Increased by Receipts:		
Parking Fees	\$ 1,292,127	
Ground Lease	515,795	
Nonbudget Revenue	102,315	
Interest Earned		\$ 398
Premium on Bond Anticipation Notes		11,392
Reserve for Security Deposits	2,975	
Receipts from Current Fund	559,799	192,186
Receipts from General Capital Fund		759,712
Receipts from Parking Utility Operating Fund	<u>26,000</u>	<u>-</u>
	<u>2,499,011</u>	<u>\$ 963,688</u>
	8,213,767	1,050,459
Decreased by Disbursements:		
2022 Budget Appropriations	1,570,717	
2021 Appropriation Reserves	19,401	
Improvement Authorizations		11,000
Encumbrances Payable	21,039	
Accrued Interest on Bonds and Notes	133,975	
Reserve for Security Deposits	2,945	
Payment of Prior Year Fund Balance to Current Fund	750,000	
Payments to General Capital Fund	772,500	
Payments to Parking Utility Operating Fund	<u>-</u>	<u>26,000</u>
	<u>3,270,577</u>	<u>37,000</u>
Balance, December 31, 2022	<u>\$ 4,943,190</u>	<u>\$ 1,013,459</u>

**CITY OF RAHWAY
PARKING UTILITY CAPITAL FUND
ANALYSIS OF CASH**

Balance,
December 31,
2022

Fund Balance	\$ 42,507
Reserve for Future Capital Improvements	186,524
Contracts Payable	232,269
Due to Parking Utility Operating Fund	541,082

Improvement Authorizations

Ord. No.

9-19	Various Parking Capital Acquisitions and Improvements	230,149
26-20	Purchase and Acquisition of Electric Vehicles	15,128
27-22	Structural Repairs at Parking Deck	<u>(234,200)</u>
		<u>\$ 1,013,459</u>

**CITY OF RAHWAY
STATEMENT OF FIXED CAPITAL
PARKING UTILITY CAPITAL FUND**

<u>Account</u>	Balance, December 31, <u>2021</u>	Balance, December 31, <u>2022</u>
Land and Buildings	\$ 9,679,164	\$ 9,679,164
Parking Lots and Improvements	970,666	970,666
Machinery and Equipment	<u>540,566</u>	<u>540,566</u>
	<u>\$ 11,190,396</u>	<u>\$ 11,190,396</u>

CITY OF RAHWAY
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED
PARKING UTILITY CAPITAL FUND

Ord. No.	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance</u> Amount	Balance, December 31, 2021	<u>Increased by:</u> 2022 Authorizations	<u>Decreased by:</u> Transfers to Fixed Capital	Balance, December 31, 2022
9-19	Various Parking Utility Capital Acquisitions and Improvements	2019	\$ 750,000	\$ 750,000			\$ 750,000
26-20	Purchase and Acquisition of Electric Vehicles	2020	80,000	80,000			80,000
27-22	Parking Deck	2022	525,000	-	525,000	-	525,000
				<u>\$ 830,000</u>	<u>\$ 525,000</u>	<u>\$ -</u>	<u>\$ 1,355,000</u>

**CITY OF RAHWAY
STATEMENT OF DUE FROM PARKING UTILITY CAPITAL FUND
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021	\$	566,684
Increased by:		
Interest Earned - Water Utility Capital Fund		398
		567,082
Decreased by:		
Receipts from Parking Utility Capital Fund		26,000
Balance, December 31, 2022	\$	541,082

**STATEMENT OF DUE FROM/TO CURRENT FUND
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021 (Due from)	\$	522,799
Decreased by:		
Receipts from Current Fund		559,799
Balance, December 31, 2022 (Due to)	\$	37,000

**STATEMENT OF RESERVE FOR RATE STABILIZATION
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021	\$	1,500,000
Balance, December 31, 2022	\$	1,500,000

CITY OF RAHWAY
STATEMENT OF 2021 APPROPRIATION RESERVES
PARKING UTILITY OPERATING FUND

	Balance December 31, <u>2021</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 575		\$ 575		\$ 575
Other Expenses	<u>367,866</u>	<u>\$ -</u>	<u>367,866</u>	<u>\$ 19,401</u>	<u>348,465</u>
	<u>\$ 368,441</u>	<u>\$ -</u>	<u>\$ 368,441</u>	<u>\$ 19,401</u>	<u>\$ 349,040</u>
			Cash Disbursements	<u>\$ 19,401</u>	

**CITY OF RAHWAY
STATEMENT OF ENCUMBRANCES PAYABLE
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021		\$ 37,479
Increased by:		
Charges to Budget Appropriations		<u>9,400</u>
		46,879
Decreased by:		
Cash Disbursements	\$ 21,039	
Transferred to Accounts Payable	5,619	
Transferred to Other Liabilities	<u>10,821</u>	
		<u>37,479</u>
Balance, December 31, 2022		<u>\$ 9,400</u>

**STATEMENT OF ACCOUNTS PAYABLE
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021		\$ 7,691
Increased by:		
Transferred from Encumbrances Payable		<u>5,619</u>
Balance, December 31, 2022		<u>\$ 13,310</u>

**STATEMENT OF ACCRUED INTEREST ON BONDS AND NOTES
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021		\$ 22,751
Increased by:		
Budget Appropriations		<u>137,675</u>
		160,426
Decreased by:		
Cash Disbursements		<u>133,975</u>
Balance, December 31, 2022		<u>\$ 26,451</u>

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR SECURITY DEPOSITS
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 3,235
Increased by:	
Cash Receipts	<u>2,975</u>
	6,210
Decreased by:	
Cash Disbursements	<u>2,945</u>
Balance, December 31, 2022	<u>\$ 3,265</u>

**STATEMENT OF OTHER LIABILITIES
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ 8,653
Increased by:	
Transferred from Encumbrances Payable	<u>10,821</u>
	19,474
Decreased by:	
Cancelled to Operations	<u>11,171</u>
Balance, December 31, 2022	<u>\$ 8,303</u>

**STATEMENT OF DUE TO RAHWAY REDEVELOPMENT AGENCY
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2021	<u>\$ 616,525</u>
Balance, December 31, 2022	<u>\$ 616,525</u>

**CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS
PARKING UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>December 31, 2022</u>	<u>Date</u>				
2018 Refunding Bonds	12/21/2018	\$ 3,335,000						
			11/15/2023	185,000	4.50 %			
			11/15/2024	200,000	4.50			
			11/15/2025	210,000	4.50			
			11/15/2026	220,000	4.50			
			11/15/2027	225,000	4.50			
			11/15/2028	235,000	4.50			
			11/15/2029	245,000	4.50			
			11/15/2030	260,000	4.50			
			11/15/2031	270,000	4.50			
			11/15/2032	280,000	4.50			
			11/15/2033	300,000	4.50			
						<u>\$ 2,815,000</u>	<u>\$ 185,000</u>	<u>\$ 2,630,000</u>
						<u>\$ 2,815,000</u>	<u>\$ 185,000</u>	<u>\$ 2,630,000</u>
							<u>\$ 185,000</u>	
						Paid by Budget Appropriation		<u>\$ 185,000</u>

**CITY OF RAHWAY
STATEMENT OF BOND ANTICIPATION NOTES
PARKING UTILITY CAPITAL FUND**

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Original Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance December 31, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2022</u>
9-19	Various Parking Utility Capital Acquisitions and Improvements	7/31/2019	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	\$ 750,000	\$ 724,000	\$ 750,000	\$ 724,000
26-20	Purchase and Acquisition of Electric Vehicles	7/28/2021	7/28/2021 7/28/2022	7/28/2022 7/28/2023	1.00% 3.50%	80,000 -	80,000	80,000 -	80,000
						<u>\$ 830,000</u>	<u>\$ 804,000</u>	<u>\$ 830,000</u>	<u>\$ 804,000</u>
						Renewals	\$ 804,000	\$ 804,000	
						Paid by Budget	-	26,000	
							<u>\$ 804,000</u>	<u>\$ 830,000</u>	

**CITY OF RAHWAY
STATEMENT OF RESERVE FOR AMORTIZATION
PARKING UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ 8,375,396
Increased by:	
Bond Principal Paid by Budget Appropriation	\$ 185,000
Payment on Bond Anticipation Notes	<u>26,000</u>
	<u>211,000</u>
Balance, December 31, 2022	<u>\$ 8,586,396</u>

**STATEMENT OF RESERVE FOR FUTURE CAPITAL IMPROVEMENTS
PARKING UTILITY CAPITAL FUND**

Balance, December 31, 2021	<u>\$ 186,524</u>
Balance, December 31, 2022	<u>\$ 186,524</u>

**STATEMENT OF CONTRACTS PAYABLE
PARKING UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ 9,069
Increased by:	
Charged to Improvement Authorizations	<u>223,200</u>
Balance, December 31, 2022	<u>\$ 232,269</u>

**STATEMENT OF DUE FROM CURRENT FUND
PARKING UTILITY CAPITAL FUND**

Balance, December 31, 2021	<u>\$ 192,186</u>
Decreased by:	
Payments received from Current Fund	<u>\$ 192,186</u>

**CITY OF RAHWAY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
PARKING UTILITY CAPITAL FUND**

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2021		2022 Authorizations	Expended	Cancelled Contracts	Balance, December 31, 2022	
			Funded	Unfunded				Funded	Unfunded
9-19	Various Parking Capital Acquisitions and Improvements	\$ 750,000		\$ 230,149				\$	230,149
26-20	Purchase and Acquisition of Electric Vehicles	\$ 80,000		15,128					15,128
27-22	Structural Repairs at Parking Deck	\$ 525,000	-	-	\$ 525,000	\$ 234,200	-	-	290,800
			<u>\$ -</u>	<u>\$ 245,277</u>	<u>\$ 525,000</u>	<u>\$ 234,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 536,077</u>
				Cash Disbursements		\$ 11,000			
				Contracts Payable		<u>223,200</u>			
						<u>\$ 234,200</u>			

**CITY OF RAHWAY
PARKING UTILITY CAPITAL FUND
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2021</u>	2022 <u>Authorizations</u>	Notes Issued <u>for Cash</u>	Balance, December 31, <u>2022</u>
27-22	Structural Repairs at Parking Deck	-	\$ 525,000	-	525,000
		<u>\$ -</u>	<u>\$ 525,000</u>	<u>\$ -</u>	<u>\$ 525,000</u>

CITY OF RAHWAY

PART II

GOVERNMENT AUDITING STANDARDS

AND SINGLE AUDIT



LERCH, VINCI & BLISS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Rahway
Rahway, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the City of Rahway, as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated September 22, 2023. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting 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, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Rahway's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Rahway's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rahway'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 City'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rahway'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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the City of Rahway in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

City of Rahway's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Rahway's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Rahway's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

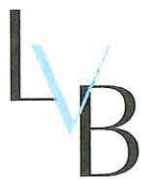
Purpose of this Report

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


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 22, 2023



LERCH, VINCI & BLISS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. UNIFORM GUIDANCE AND SCHEDULE OF STATE FINANCIAL
ASSISTANCE REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Rahway
Rahway, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of Rahway's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the City of Rahway's major federal and state programs for the year ended December 31, 2022. The City of Rahway's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Rahway complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Rahway and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the City of Rahway's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the City of Rahway's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Rahway's compliance based on our audit. 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 generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Rahway's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Rahway's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Rahway's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the City of Rahway's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements - regulatory basis of the City of Rahway as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated September 22, 2023, which contained an unmodified opinion on those financial statements prepared in accordance with the regulatory basis of accounting and also contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 22, 2023

CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

	<u>AL</u> <u>Number</u>	<u>State</u> <u>Grant</u> <u>Number</u>	<u>Original</u> <u>Grant</u> <u>Award</u>	<u>2022</u> <u>Receipts</u>	<u>Balance,</u> <u>December 31,</u> <u>2021</u>	<u>Revenue</u> <u>Realized</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Adjustment/</u> <u>Cancellation</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>	<u>Cumulative</u> <u>Total</u> <u>Expenditures</u>
U.S. Department of Housing and Urban Development (Passed Through Union County Dept. of Community Development)											
Community Development Block Grants											
Program Year 46 (Fiscal Year 2020-2021)											
Policy & Planning	14.218	N/A	105,000	\$ 52,633	\$ 36,468		\$ 36,468				\$ 105,000
Program Year 47 (Fiscal Year 2021-2022)											
Home Improvement Program			304,000	303,791	231,981		231,981				304,000
Policy & Planning			105,000	100,000	105,000		89,094			\$ 15,906	89,094
Roadway Resurfacing Program			278,000	278,000	278,000			\$ (278,000)			
Program Year 48 (Fiscal Year 2022-2023)											
Senior Citizen Social Services Program			14,250			\$ 14,250	14,250				14,250
Home Improvement Program			304,000			304,000	108,760			195,240	108,760
Policy & Planning			105,000			105,000	27,115			77,885	27,115
Code Enforcement Program			40,000			40,000				40,000	
Roadway Resurfacing Program			385,000			385,000				385,000	
Program Income					170,208	169,332		(269,670)		69,870	
Roadway Resurfacing Program - Ordinance 16-22			278,000				278,000	278,000			278,000
U.S. Department of Transportation (Passed Through New Jersey Department of Law and Public Safety)											
Drunk Driving Enforcement Fund	20.601	1160-100-057	6,722		2,486		2,486				6,722
Drunk Driving Enforcement Fund	20.601	1160-100-057	6,702		6,702		2,854			3,848	2,854
Drunk Driving Enforcement Fund	20.601	1160-100-057	5,423		5,423						5,423
Drunk Driving Enforcement Fund	20.601	1160-100-057	21,590		21,590					21,590	
U.S. Department of Homeland Security (Passed Through New Jersey Department of Law and Public Safety)											
Emergency Management Program	97.042	1200-100-726	5,000		5,000					5,000	
Emergency Management Program	97.042	1200-100-726	3,242		3,242					3,242	
Emergency Management Program	97.042	1200-100-726	5,000		5,000					5,000	
Emergency Management Program	97.042	1200-100-726	5,470		5,470					5,470	
Public Assistance Grant - Hurricane Ida	97.036	1200-100-C84	150,041	150,041		150,041	150,041				150,041
U.S. Department of Health and Human Services (Passed Through New Jersey Department of Health)											
H1N1 Public Health Emergency Response	93.069	4230-100-480	195,788		107					107	195,681
U.S. Department of Treasury (Passed Through New Jersey Department of Community Affairs)											
Coronavirus State and Local Fiscal Recovery Fund											
American Rescue Plan	21.027		3,129,066	1,564,533		1,886,673	1,886,673				3,129,066
U.S. Department of Justice (Passed Through New Jersey Department of Law and Public Safety)											
Edward Byrne Justice Grant			27,221		2,322					2,322	24,899
Local Law Enforcement Block Grant - FY 2004			17,548		17,548					17,548	
					<u>\$ 896,547</u>	<u>\$ 3,054,296</u>	<u>\$ 2,827,722</u>	<u>\$ (269,670)</u>	<u>\$ -</u>	<u>\$ 853,451</u>	

CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

State Grant Program	Account Number	Award Amount	Cash Received	Balance, December 31, 2021	Revenue	Expended	Adjustment	Balance, December 31, 2022	Cumulative Total Expenditures
Department of Community Affairs									
Statewide Livable Communities Grant	8030-100-655	\$ 60,000		\$ 12,396				\$ 12,396	\$ 47,604
Statewide Livable Communities Grant-Essen Street		60,000		60,000				60,000	
Cooperative Housing Inspection	8010-100-023-2010	13,760		8,365				8,365	5,395
		11,094		11,094				11,094	
		10,612		10,612				10,612	
		8,729		8,729				8,729	
		8,495		8,495				8,495	
		10,683		10,683				10,683	
		25,078		25,078				25,078	
Clean Communities Grant	N/A	58,394		47,417		\$ 16,514		30,903	27,491
		49,610		49,610				49,610	49,610
		47,465		47,465				47,465	
		53,062		53,062				53,062	
		47,846		47,846				47,846	
		50,936			\$ 50,936			50,936	
Brownfields	N/A	27,271		27,271				27,271	
Department of Environmental Protection									
Clean Energy Program		49,071		32,571				32,571	16,500
		12,268		12,268				12,268	
Recycling Tonnage Grant	4900-752-001	16,323		14,455		14,455			16,323
		16,338		16,338		16,338			16,338
		16,558			16,558	4,525		12,033	4,525
Green Acres Program									
Madden Field Improvements (Ord. 26-17/scc-21)		1,500,000		1,245,075		1,090,864		154,211	1,345,789
Madden Field Improvements (Ord. 18-20)		400,000		106,407		106,407			400,000
Department of Health									
Public Health Priority Funding	4230-100-307	75,530		282				282	75,248
Economic Development Authority									
Hazardous Discharge Site Remediation - FY 2009		313,170		10,881				10,881	302,289
Hazardous Discharge Site Remediation - FY 2011		284,033		177,839				177,839	106,194
Department of Law and Public Safety									
Alcohol Education and Rehabilitation	4250-760-050000-63	229		229				229	
		496		496				496	
		250		250				250	
		11,097		11,097				11,097	
		1,206		1,206				1,206	
Click It or Ticket Program	N/A	9,150		8,006		3,600		4,406	4,744

CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022

State Grant Program	Account Number	Award Amount	Cash Received	Balance, December 31, 2021	Revenue	Expended	Adjustment	Balance, December 31, 2022	Cumulative Total Expenditures
Department of Law and Public Safety (Continued)									
You Drink, You Drive, You Lose	N/A	\$ 7,336		\$ 7,091				\$ 7,091	\$ 245
Obey the Signs or Pay the Fines	N/A	4,000		4,000				4,000	
Distracted Driving Countermeasure	N/A	5,500		5,500				5,500	
		6,035		6,035				6,035	
Impaired Driving Countermeasure	N/A	5,919		5,919				5,919	
Police Body Armor Grant	1020-718-001	7,143		1,800				1,800	5,343
		6,795		6,795				6,795	
		4,920			4,920			4,920	
Safe and Secure Communities	1020-100-232	174,150		54,793				54,793	119,357
		55,562		55,562				55,562	
Drug Free Communities	N/A	125,000		46,131		46,131			125,000
		125,000		125,000		10,759		114,241	10,759
Bulletproof Vest Program	N/A	10,461		6,421		6,421			10,461
Unclassified									
NJ Child Passenger Safety	N/A	7,400		2,375				2,375	5,025
ADA TASE Grant	N/A	16,320		11,240				11,240	5,080
NJ 911 General Assistance Grant	N/A	25,362		301				301	25,061
Senior Services Grant	N/A	40,523		6,439				6,439	34,084
		15,000		1,856				1,856	13,144
		5,000		5,000				5,000	
Local Domestic Preparedness	N/A	25,000		2,630				2,630	22,370
Green the Streets Grant	N/A	250,000		79,124				79,124	170,876
Smart Growth Program	N/A	8,000		8,000				8,000	
NJ 911 Equipment Grant - FY 2008	N/A	17,637		47				47	17,590
Pandemic Influenza Grant - FY 2008	N/A	13,288		8,987				8,987	4,301
NJACCO - COVID	N/A	30,560		16,910				16,910	13,650
Strengthening Local Health Preparedness	N/A	291,042		284,619		84,668		199,951	91,091
Department of Transportation	078-6320-480								
2011 Road Resurfacings (Ord. 10-11)		190,983							190,983
2014 Road Improvements (Ord. 27-14)		237,820		18,211				18,211	219,609
2020 Road Improvement Program (Ord. 12-20)		653,730	\$ 653,730		653,730	653,730			653,730
2021 Road and Sidewalk Improvement Program		335,698	335,698		335,698	335,698			335,698
Highway Safety Grant		87,041		15,479				15,479	71,562
Highway Safety Grant		19,515		19,515				19,515	-
				\$ 2,871,303	\$ 1,061,842	\$ 2,390,110	\$ -	\$ 1,543,035	

**NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

**CITY OF RAHWAY
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

NOTE 1 REPORTING ENTITY

The City of Rahway (the “City”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The City is the reporting entity for these programs. The City is defined in Note 1 (A) to the City’s Financial Statements.

NOTE 2 BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the City. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”) which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). 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 respect to public funds. Under this method of accounting, the City accounts for federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The City’s summary of significant accounting policies are described in Note 1 to the City’s Financial Statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

Amounts reported in the accompanying schedules agree with amounts reported in the City’s financial statements. Financial assistance revenues are reported in the City’s financial statements on a basis of accounting described above as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 2,036,714	\$ 72,414	\$ 2,109,128
General Capital Fund	-	989,428	989,428
Community Development Grant Fund	<u>1,017,582</u>	<u>-</u>	<u>1,017,582</u>
Total Financial Awards	<u>\$ 3,054,296</u>	<u>\$ 1,061,842</u>	<u>\$ 4,116,138</u>

**CITY OF RAHWAY
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2022**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the City’s fiscal year and grant program year.

NOTE 6 FEDERAL AND STATE LOANS OUTSTANDING

Certain federal and state loans at the beginning of the year and loans made during the year are included in The Schedules, while others are not required to be included in The Schedules. The City’s federal and state loans outstanding at December 31, 2022, which are not required to be reported on the schedules of expenditures of federal awards and state financial assistance, are as follows:

<u>Loan Program</u>	<u>Amount</u>
Green Acres Loan Program	\$ 209,469
Environmental Infrastructure Loans	
Water Utility	12,324,248
Sewer Utility	<u>99,312</u>
	<u>\$ 12,633,029</u>

NOTE 7 INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued: Unmodified on Regulatory Basis

Internal control over financial reporting:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that are not considered to be material weaknesses? X yes no

Noncompliance material to financial statements noted? yes X no

Federal Awards Section

Dollar threshold used to determine Type A programs: \$ 750,000

Auditee qualified as low-risk auditee? yes X no

Type of auditors' report on compliance for major programs: Unmodified

Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that are not considered to be material weaknesses? yes X no

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a)) yes X no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>21.027</u>	<u>Coronavirus State and Local Fiscal Recovery Fund</u>
	<u>American Rescue Plan</u>
<u>14.218</u>	<u>Community Development Block Grants</u>

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part I – Summary of Auditor's Results

State Awards Section

Dollar threshold used to determine Type A programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

Type of auditors' report on compliance for major programs: Unmodified

Internal Control over compliance:

1) Material weakness(es) identified? _____ yes X no

2) Were significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
4800-533-852000-60	Green Acres Program
078-6320-480	NJDOT - State Aid Highway Projects

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part II – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding 2022-001

Our audit indicated that cash balances reported in the general ledger were not in agreement with the respective bank account reconciliations.

Criteria or Specific Requirement

Generally Accepted Accounting Principles

Condition

The reconciled bank balances were not in agreement with the general ledger cash balances.

Questioned Costs

Unknown.

Context

The City's reconciled bank account balances were \$52,544,383. The account reconciliations were not in agreement with cash balances reflected on the general ledger.

Effect

Cash balances reported on the general ledger do not reflect actual cash balances on hand.

Recommendation

The general ledger be reviewed monthly and reconciled to the bank reconciliations.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated that corrective action will be taken.

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2022**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB Circular 15-08.

FEDERAL AWARDS

There are none.

STATE AWARDS

There are none.

**CITY OF RAHWAY
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

This section identifies the status of prior-year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2021-001

Cash balances reported on the general ledger were not in agreement with the respective bank account reconciliations.

Current Status

See Finding 2022-001

Finding 2021-002

Expenditures were incurred, in excess of available appropriations for budgetary line items in the water and sewer utility funds and a general capital fund ordinance.

Current Status

Corrective action has been taken.

CITY OF RAHWAY

PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

**CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
CURRENT FUND**

	Year Ended		Year Ended	
	December 31, 2022		December 31, 2021	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Anticipated	\$ 3,000,000	2.38 %	\$ 2,500,000	2.01 %
Miscellaneous - From Other Than Local				
Property Tax Levies	19,748,044	15.65	16,187,024	13.04
Collection of Delinquent Taxes and Tax Title Liens	1,433,383	1.14	1,884,999	1.52
Collection of Current Tax Levy	99,966,335	79.20	99,461,626	80.11
Other Credits to Income	<u>2,076,621</u>	<u>1.65</u>	<u>4,125,635</u>	<u>3.32</u>
 Total Income	 <u>126,224,383</u>	 <u>100.00 %</u>	 <u>124,159,284</u>	 <u>100.00 %</u>
 EXPENDITURES				
Budget Expenditures				
Municipal Purposes	61,110,010	49.11 %	56,730,767	47.40 %
County Taxes	14,663,974	11.79	14,501,267	12.12
Local School Taxes	47,859,654	38.46	46,603,673	38.94
Special Improvement Taxes	325,000	0.26	325,000	0.27
Other Expenditures	<u>466,433</u>	<u>0.37</u>	<u>1,516,756</u>	<u>1.27</u>
 Total Expenditures	 <u>124,425,071</u>	 <u>100.00 %</u>	 <u>119,677,463</u>	 <u>100.00 %</u>
Less: Expenditures Included above which by Statute are Required to be Raised in Subsequent Year's Budget	<u>1,500,000</u>		<u>-</u>	
Adjusted Expenditures	122,925,071		119,677,463	
Excess in Revenue	3,299,312		4,481,821	
Fund Balance, Beginning of Year	<u>9,461,348</u>		<u>7,479,527</u>	
	12,760,660		11,961,348	
Less Utilization as Anticipated Revenue	<u>3,000,000</u>		<u>2,500,000</u>	
Fund Balance, End of Year	<u>\$ 9,760,660</u>		<u>\$ 9,461,348</u>	

**CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

	Year Ended		Year Ended	
	December 31, 2022		December 31, 2021	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Anticipated	\$ 135,022			
Collection of Water Rents	8,754,193	88.58 %	\$ 8,904,259	90.10 %
Miscellaneous - From Other Than Water Rents	<u>993,957</u>	<u>10.06</u>	<u>46,776</u>	<u>0.47</u>
Total Income	<u>9,883,172</u>	<u>98.63 %</u>	<u>8,951,035</u>	<u>90.57 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	5,150,000	68.04 %	4,985,022	72.33 %
Capital Improvements	650,000	8.59	405,000	5.88
Deferred Charges	135,022	1.78	-	-
Debt Service	1,617,000	21.36	1,502,112	21.79
Other Expenditures				
Refund of Prior Year Revenue	<u>16,508</u>	<u>0.22</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>7,568,530</u>	<u>100.00 %</u>	<u>6,892,134</u>	<u>100.00 %</u>
Less: Expenditures Included above which by Statute are Required to be Raised in Subsequent Year's Budget	<u>-</u>		<u>135,022</u>	
Adjusted Expenditures	7,568,530		6,757,112	
Excess in Revenues Over Expenditures	2,314,642		2,193,923	
Adjustments to Income Before Fund Balance				
Surplus to General Budget	<u>(960,000)</u>		<u>-</u>	
Statutory Excess to Fund Balance	1,354,642		2,193,923	
Fund Balance, Beginning of Year	<u>5,334,672</u>		<u>3,140,749</u>	
Decreased by:	6,689,314		5,334,672	
Utilized as Anticipated Revenue	135,022			
Utilized as Anticipated Revenue - Current Fund	<u>750,000</u>		<u>-</u>	
Fund Balance, End of Year	<u>\$ 5,804,292</u>		<u>\$ 5,334,672</u>	

**CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
SEWER UTILITY OPERATING FUND**

	Year Ended		Year Ended	
	December 31, 2022		December 31, 2021	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Anticipated	\$ 854,639	12.31 %	\$ 250,000	4.19 %
Rents	5,583,425	80.33	5,196,576	87.03
Industrial Sewer Flow Charges	118,765	1.71	425,044	7.12
Miscellaneous - From Other Than Sewer Rents	269,383	3.88	10,464	0.18
Other Credits to Income	<u>124,284</u>	<u>1.79</u>	<u>88,642</u>	<u>1.49</u>
Total Income	<u>6,950,496</u>	<u>100.00 %</u>	<u>5,970,726</u>	<u>100.00 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	5,688,000	85.48 %	5,258,639	91.36 %
Deferred Charges and Statutory Expenditures	495,639	7.45	12,000	0.21
Debt Service	<u>470,496</u>	<u>7.07</u>	<u>485,604</u>	<u>8.44</u>
Total Expenditures	<u>6,654,135</u>	<u>100.00 %</u>	<u>5,756,243</u>	<u>100.00 %</u>
Less:				
Expenditures Included Above which by Statute are Required to be Raised in Subsequent Year	<u>-</u>		<u>483,639</u>	
Adjusted Expenditures	6,654,135		5,272,604	
Adjustments to Income Before Fund Balance				
Statutory Excess to Fund Balance	296,361		698,122	
Fund Balance, Beginning of Year	<u>2,705,774</u>		<u>2,257,652</u>	
	3,002,135		2,955,774	
Less Utilization as Anticipated Revenue	<u>854,639</u>		<u>250,000</u>	
Fund Balance, End of Year	<u>\$ 2,147,496</u>		<u>\$ 2,705,774</u>	

**CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -
PARKING UTILITY OPERATING FUND**

	Year Ended		Year Ended	
	December 31, 2022		December 31, 2021	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Surplus Anticipated	\$ 500,000	18.05%	337,000	13.74%
Parking Fees	1,292,127	46.63%	\$ 966,503	39.41%
Miscellaneous - Other than Parking Fees	618,508	22.32%	510,036	20.80%
Other Credits to Income	<u>360,211</u>	<u>13.00%</u>	<u>638,989</u>	<u>26.05%</u>
 Total Income	 <u>2,770,846</u>	 <u>100.00%</u> %	 <u>2,452,528</u>	 <u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	865,000	44.92%	915,000	72.05%
Deferred Charges and Statutory Expenditures	37,000	1.92%	37,000	2.91%
Debt Service	348,675	18.11%	317,941	25.04%
Other Expenditures				
Surplus (General Budget)	<u>675,000</u>	<u>35.05%</u>	<u>-</u>	<u>0.00%</u>
 Total Expenditures	 <u>1,925,675</u>	 <u>100.00%</u>	 <u>1,269,941</u>	 <u>100.00%</u>
 Excess in Revenue Over Expenditures	 845,171		 1,182,587	
 Statutory Excess to Fund Balance	 845,171		 1,182,587	
 Fund Balance, Beginning of Year	 <u>3,466,964</u>		 <u>2,621,377</u>	
	4,312,135		3,803,964	
Less Utilization as Anticipated Revenue	500,000		337,000	
Less Utilized as Anticipated Revenue - Current Fund	<u>750,000</u>		<u>-</u>	
 Fund Balance, End of Year	 <u>\$ 3,062,135</u>		 <u>\$ 3,466,964</u>	

**CITY OF RAHWAY
COMPARATIVE SCHEDULE OF TAX RATE INFORMATION**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate - Calendar Year</u>	<u>\$7.022</u>	<u>\$6.951</u>	<u>\$6.925</u>
<u>Apportionment of Tax Rate</u>			
Municipal (1)	2.713	2.716	2.716
County	1.009	1.001	1.051
Local School	3.300	3.234	3.158

(1) Includes Library

Assessed Valuation

2022	<u>\$1,450,623,651</u>	
2021		<u>\$1,441,271,151</u>
2020		<u>\$1,435,801,351</u>

COMPARISON OF TAX LEVIES AND COLLECTION 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 Collection</u>
2022	\$ 102,350,517	\$ 100,616,676	98.31%
2021	100,832,376	99,461,626	98.64%
2020	99,975,561	98,197,260	98.22%
2019	98,173,123	96,436,716	98.23%
2018	95,898,091	94,307,822	98.34%

**CITY OF RAHWAY
DELINQUENT TAXES AND TAX TITLE LIENS**

This tabulation includes a comparison, expressed in percentage, of the total of 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>
2022	\$ 630,679	\$ 1,566,801	\$ 2,197,480	2.15%
2021	707,235	1,277,495	1,984,730	1.97%
2020	484,349	1,981,743	2,466,092	2.47%
2019	427,083	1,648,462	2,075,545	2.11%
2018	377,047	1,614,716	1,991,763	2.08%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens at year end on the basis of the last assessed valuation of such properties was as follows:

<u>Balance Year End</u>	<u>Amount</u>
2022	\$ 2,664,500
2021	2,664,500
2020	2,664,500
2019	2,664,500
2018	2,644,300

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection*</u>
2022	\$8,578,627	\$8,754,193	102.04%
2021	9,106,437	8,904,259	97.78
2020	7,738,951	7,387,972	95.46
2019	7,583,161	7,538,160	99.41
2018	7,472,008	7,449,319	99.69

*Includes collection of prior year receivables

COMPARISON OF SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection*</u>
2022	\$5,429,122	\$5,583,425	102.84%
2021	5,412,374	5,196,576	96.01
2020	5,045,543	4,996,492	99.03
2019	5,081,495	5,086,645	100.10
2018	4,837,473	4,833,499	99.92

*Includes collection of prior year receivables

**CITY OF RAHWAY
COMPARATIVE SCHEDULE OF FUND BALANCE**

	<u>Year</u>	<u>Balance Year End</u>	<u>Utilized in Budget of Succeeding Year</u>
Current Fund	2022	\$9,760,660	\$3,000,000
	2021	9,461,348	3,000,000
	2020	7,479,527	2,500,000
	2019	5,667,414	2,250,000
	2018	4,528,192	2,250,000
Water Utility Operating Fund	2022	\$5,804,292	\$130,000
	2021	5,334,672	135,022
	2020	3,140,749	-0-
	2019	2,360,533	-0-
	2018	1,620,264	-0-
Sewer Utility Operating Fund	2022	\$2,147,496	\$551,748
	2021	2,705,774	854,639
	2020	2,257,652	250,000
	2019	2,112,108	250,000
	2018	1,929,949	250,000
Parking Utility Operating Fund	2022	\$3,062,135	\$500,000
	2021	3,466,964	500,000
	2020	2,621,377	337,000
	2019	2,243,318	-0-
	2018	1,460,509	-0-

**CITY OF RAHWAY
OFFICIALS IN OFFICE AND SURETY BONDS
AS OF DECEMBER 31, 2022**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Raymond Giacobbe, Jr.	Mayor	
Jeffrey Brooks	Councilmember-at-Large	
Joanna Miles	Councilmember-at-Large, Council President	
Jeremy Mojica	Councilmember-at-Large	
Rodney Farrar	Councilmember – Ward 1	
Michael Cox	Councilmember – Ward 2	
Vannie Deloris Parson	Councilmember – Ward 3	
David Brown	Councilmember – Ward 4, Council Vice President	
Danielle Newbury	Councilmember - Ward 5	
Joseph Gibilisco	Councilmember – Ward 6	
Jacqueline Foushee	Business Administrator	\$50,000 (A)
Jeff Jotz	City Clerk	
Michael Smalling	Director of Public Works and Engineering	50,000 (A)
Jonathan Parham	Director of Police	50,000 (A)
Michael Roberts	Director/Fire Chief	50,000 (A)
Frank Ruggiero	Chief Financial Officer	50,000 (A)
Richard Lorentzen	Tax Collector/ Tax Search Officer	250,000 (A)
Anthony Deige, Jr.	Director of Parks and Recreation	50,000 (A)
Louis N. Rainone, Esq.	Director of Law	
Roman Montes	Municipal Judge	50,000 (A)
Marylène Shepard	Court Administrator	100,000 (B)
Thomas Mancuso	Director of Assessments/Tax Assessor	50,000 (A)
Frank Spallone	Construction Code Official	50,000 (A)
Daniel Lee	Director of Community Development/City Engineer	
Dennis Green	Director of Health / Health Official	50,000 (A)

- A. Public Employee Dishonesty Blanket coverage as written by the Travelers Casualty and Surety Company of America in the amount of \$50,000.
- B. Municipal Court bond as written by the Travelers Casualty and Surety Company of America in the amount of \$100,000, Bond #105421641.

**CITY OF RAHWAY
GENERAL COMMENTS**

Current Year

Our audit revealed aging purchase orders remain outstanding on the City's financial records. It is recommended that the open purchase order report be reviewed and old orders be cleared of record.

Our audit indicated that outstanding year-end encumbrances reflected on the budget appropriation reports were not in agreement with the open purchase order report. It is recommended that the budget appropriations reports be reviewed to ensure that outstanding encumbrances agree with the open purchase order report.

Contracts and Agreements Required to be Advertised for NJS 40A:11-4

NJS 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 the 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 by the Governing Body of the contracting unit 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 in the aggregate \$44,000, except by contract or agreement."

The Governing Body of the City has the responsibility of determining whether the expenditures in any category will exceed \$44,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Council's opinion should be sought before a commitment is made.

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

CDBG Road Resurfacing Project	Brennan Field Splash Park
Alden Dr./Allen St. Brook Stabilization	Madison Ave and Westlake Ave. Project
2022 Annual Roadway Resurfacing Project	NJ DOT – Main St. Boulevard Project
2022 Sidewalk Improvements Project	Rahway Parking Garage Restoration

The minutes indicate that resolutions were adopted and advertised, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 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 the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Collection of Interest on Delinquent Taxes and Assessments

The statutes provide 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.

**CITY OF RAHWAY
GENERAL COMMENTS**

Collection of Interest on Delinquent Taxes and Assessments (Continued)

The Governing Body on August 11, 1986 adopted the following ordinance authorizing interest to be charged on delinquent taxes:

"NOW BE IT RESOLVED, by the Municipal Council of the City of Rahway that the Tax Collector of said City of Rahway, is hereby authorized and directed to provide for a grace period not exceeding ten (10) calendar days within which any installment of taxes or assessments may be hereafter received without any charge for interest provided that such payment is received within the said ten (10) calendar day period after the date upon which the installment becomes payable. After such date said taxes shall be considered delinquent and interest shall run against such delinquent taxes at the rate of eight (8%) percent, on the first \$1,500 of the delinquent taxes and eighteen (18%) percent of any delinquent sum in excess of \$1,500."

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

Collection of Interest on Delinquent Water and Sewer Rents

The governing body on December 28, 1981 adopted the following ordinance authorizing interest to be charged on delinquent utility rents:

Grace Period. Bills are due upon receipt. A grace period of thirty (30) calendar days is provided within which a payment of utility charges may be hereafter received without any charge for interest, provided that such payment is received within said thirty calendar-day period after the billing date upon which the amount becomes payable.

Interest Rates. After the above grace period, utility charges shall be considered delinquent, and interest shall run against such delinquent charges at the rate of eight percent (8%) on the first one thousand five hundred dollars (\$1,500) of the delinquent water utility charges and eighteen percent (18%) on any delinquent sums in excess of one thousand five hundred dollars (\$1,500).

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

The last tax sale was held on December 1, 2022 and was complete.

The following comparison is made of the number of tax title liens receivable of the last five years.

<u>Year</u>	<u>Number of Liens</u>
2022	12
2021	17
2020	9
2019	11
2018	12

Suggestion to Management

A formal policy be approved with respect to employee contributions for health benefits.

**CITY OF RAHWAY
RECOMMENDATIONS**


It is recommended that

- * 1. The general ledger be reviewed monthly and reconciled to the bank reconciliations.
- 2. The open purchase report be reviewed and old orders be cleared of record.
- 3. The budget appropriations reports be reviewed to ensure that outstanding encumbrances agree with the open purchase order report.

A review was performed on all prior years' recommendations and corrective action was taken all other than the recommendation denoted with an asterisk (*) above.

The findings noted in our audit were not of such magnitude that they would affect our ability to express an opinion on the financial statements taken as a whole.

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


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Certified Public Accountant
RMA Number CR00398