

CITY OF RAHWAY
UNION COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2020

CITY OF RAHWAY

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CITY OF RAHWAY

COUNTY OF UNION

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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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 Financial Statements

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, 2020 and 2019, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statements of revenues - regulatory basis and statements of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Rahway as of December 31, 2020 and 2019, or changes in financial position, or, where applicable, cash flows for the years then ended.

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, 2020 and 2019, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective statements of revenues – regulatory basis and statements of expenditures – regulatory basis of the various funds for the year ended December 31, 2020 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.

Other Matters

Other 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), schedule of expenditures of state financial assistance and the supplementary data and letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the financial statements of the City of Rahway.

The supplementary schedules listed in the table of contents, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. 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.


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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2021, 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 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 & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 30, 2021

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	A-4	\$ 21,881,831	\$ 18,204,138
Cash - Change Funds	A-5	1,595	1,595
Grants Receivable	A-6	532,785	512,785
Due from State of New Jersey - Senior Citizen and Veterans Deductions	A-7	<u>69,718</u>	<u>69,852</u>
		<u>22,485,929</u>	<u>18,788,370</u>
Receivables with Full Reserves			
Taxes Receivable	A-8	1,981,743	1,648,462
Tax Title Liens Receivable	A-9	484,349	427,083
Property Acquired for Taxes (Assessed Value)	A-10	2,664,500	2,664,500
Revenue Accounts Receivable	A-11	15,952	69,057
Other Liens Receivable	A-12	41,552	40,962
Prepaid School Taxes	A-24	691,007	
CARES Act Receivable	A-6	2,105,015	
Due from Rahway Redevelopment Agency	A-13		27,583
Due from Animal Control Fund	B-5		12
Due from Self Insurance Trust Fund	B-13		5,015
Due from CDBG Trust Fund	B-21	56,800	116,085
Due from Water Utility Operating Fund	D-15		1,576,148
Due from Sewer Utility Operating Fund	E-10		3,430,260
Due from Parking Utility Operating Fund	F-10	<u>-</u>	<u>559,799</u>
		<u>8,040,918</u>	<u>10,564,966</u>
Deferred Charges			
Special Emergency Appropriation	A-27	<u>1,850,000</u>	<u>-</u>
		<u>1,850,000</u>	<u>-</u>
Total Assets		<u>\$ 32,376,847</u>	<u>\$ 29,353,336</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3, A-14	\$ 1,284,223	\$ 1,474,861
Encumbrances Payable	A-15	1,500,206	1,439,974
Accounts Payable	A-16	198,384	
Other Liabilities	A-17	561,560	
Tax Overpayments	A-18	11,082	18,750
Prepaid Taxes	A-19	518,985	357,424
Local School Taxes Payable	A-24		136,396
County Taxes Payable	A-23	44,602	35,598
Due to Other Trust Fund	B-16	388,454	2,942,745
Due to Self Insurance Trust Fund	B-13	73	
Due to General Capital Fund	C-4	4,216,959	3,773,150
Due to Water Utility Operating Fund	D-15	1,014,380	
Due to Sewer Utility Operating Fund	E-10	356,740	
Due to Sewer Utility Capital Fund	E-28	1,520,154	209,483
Due to Parking Utility Operating Fund	F-10	559,799	
Due to Parking Utility Capital Fund	F-23	192,186	
Due to Rahway Redevelopment Agency	A-13	166,467	
Reserve for Special Improvement District Taxes	A-25	336,570	512,500
Reserve for Federal and State Grants - Unappropriated	A-20	105,422	142,670
Reserve for Federal and State Grants - Appropriated	A-21	3,130,497	1,827,746
Reserve for Tax Appeals	A-26	<u>749,659</u>	<u>249,659</u>
		16,856,402	13,120,956
Reserve for Receivables	A	8,040,918	10,564,966
Fund Balance	A-1	<u>7,479,527</u>	<u>5,667,414</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 32,376,847</u>	<u>\$ 29,353,336</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS- CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Anticipated	A-2	\$ 2,250,000	\$ 2,250,000
Miscellaneous Revenue Anticipated	A-2	14,935,824	14,428,561
Receipts from Delinquent Taxes	A-2	1,359,137	1,661,673
Receipts from Current Taxes	A-2	97,697,260	96,436,716
Non-Budget Revenues	A-2	339,701	574,845
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	644,422	1,301,636
Redemption of Other Liens	A		12,702
Interfunds Liquidated	A	5,214,902	6,096,044
COVID Special Emergency	A-27	<u>1,850,000</u>	<u>-</u>
 Total Income		 <u>124,291,246</u>	 <u>122,762,177</u>
EXPENDITURES			
Budget Appropriations			
Salaries and Wages	A-3	23,118,189	23,279,400
Other Expenses	A-3	20,477,930	18,113,704
Deferred Charges and Statutory Expenditures	A-3	5,689,988	5,665,488
Capital Improvements	A-3	250,000	250,000
Municipal Debt Service	A-3	6,961,107	6,509,677
County Taxes	A-22	15,099,599	14,567,686
Amount Due County for Added and Omitted Taxes	A-23	44,602	35,598
Local District School Tax	A-24	45,342,308	44,940,280
Special Improvement District Tax	A-25	250,000	130,000
Interfunds Advanced	A	2,161,815	5,714,902
Reserve for Prepaid School Taxes	A-24	691,007	
Cancelled Grants Receivable	A		9,094
Refund of Prior Year Revenue and Taxes	A-4	<u>142,588</u>	<u>157,126</u>
 Total Expenditures		 <u>120,229,133</u>	 <u>119,372,955</u>
 Excess in Revenue		 4,062,113	 3,389,222
Fund Balance, Beginning of Year	A	<u>5,667,414</u>	<u>4,528,192</u>
		9,729,527	7,917,414
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>2,250,000</u>	<u>2,250,000</u>
Fund Balance, End of Year	A	<u>\$ 7,479,527</u>	<u>\$ 5,667,414</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, 2020

	Reference	Adopted Budget	Added by NJSA 40A:4-87	Actual	Excess or (Deficit)
Surplus Anticipated	A-2	\$ 2,250,000	-	\$ 2,250,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	55,000		54,660	\$ (340)
Other	A-11	5,000		5,455	455
Fees and Permits	A-11	125,000		96,220	(28,780)
Fines and Costs					
Municipal Court	A-11	660,000		381,561	(278,439)
Interest and Costs on Taxes	A-11	370,000		272,344	(97,656)
Interest on Investments and Deposits	A-2	125,000		89,110	(35,890)
Anticipated Utility Operating Surplus- Water	A-11, D-4	832,704			(832,704)
Anticipated Utility Operating Surplus- Sewer	A-11, E-4	382,727			(382,727)
Anticipated Utility Operating Surplus - Parking	A-11, F-4	273,000			(273,000)
Police Department Fees	A-11	90,000		71,688	(18,312)
Payments in Lieu of Taxes (PILOT)					
Lower Essex St. - Denholtz Management	A-11	490,000		527,178	37,178
Rosegate	A-11	25,000		14,002	(10,998)
Housing Authority	A-11	60,000			(60,000)
Senior Citizen Housing	A-11	280,000		333,482	53,482
Meyers Sr. Residence	A-11	15,000		29,143	14,143
Metro	A-11	155,000		157,015	2,015
Waters Edge	A-11	180,000		182,494	2,494
Lafayette	A-11	180,000		249,240	69,240
Cellular Phone Tower Fees	A-11	425,000		445,258	20,258
Vacant/Foreclosure House Registration	A-11	350,000		313,485	(36,515)
Police Security - Administrative Fees	A-11	325,000		279,097	(45,903)
Planning Board Application Fees	A-11	5,000		7,015	2,015
Street Open Permits	A-11	62,000		58,960	(3,040)
Motor Vehicle Fines	A-11	3,000		2,250	(750)
UCC Penalties	A-11	15,000		13,670	(1,330)
Comcast Cable Franchise Fee	A-11	85,000		88,565	3,565
Uniform Construction Code Fees	A-11	700,000		675,031	(24,969)
State Aid Without Offsetting Appropriations					
Consolidated Municipal Property Tax Relief Aid	A-11	406,141		406,141	
Energy Receipts Taxes	A-11	3,602,832		3,602,832	

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

	<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-20	\$ 53,062		\$ 53,062	
Multiple Housing Inspections	A-20	10,683		10,683	
Grahill Charitable Trust	A-6		\$ 10,000	10,000	
Drunk Driving Enforcement Fund	A-20	21,590		21,590	
Municipal Alliance on Alcoholism and Drug Abuse	A-20	4,615		4,615	
NJ Crime Stats Exch Asst	A-6		20,000	20,000	
NJACCHO	A-6		30,560	30,560	
CARES ACT 2020	A-6		2,700,000	2,700,000	
Emergency Management	A-20	5,470		5,470	
UC Recreation Grant	A-20	37,500		37,500	
Motor Vehicles	A-20	3,000		3,000	
CLEP Grant	A-20	3,750		3,750	
Green the Streets	A-20	3,000		3,000	
Other Special Items of Revenue					
Reserve for Interfund- Parking Utility Operating	F	500,000		500,000	
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	450,000		431,199	\$ (18,801)
Solid Waste Fees					
Rahway Housing Authority	A-11	30,000		37,000	7,000
Rahway Board of Education	A-11	40,000		6,821	(33,179)
Bulky Waste Fees					
Kenilworth	A-11	50,000		95,470	45,470
Outside Health Services					
Scotch Plains	A-11	35,000		70,000	35,000
Hillside	A-11	11,000		12,624	1,624
Winfield	A-11	5,000		8,282	3,282
Hotel Fees	A-11	220,000	-	165,302	(54,698)
Total Miscellaneous Revenues		<u>14,116,074</u>	<u>2,760,560</u>	<u>14,935,824</u>	<u>(1,940,810)</u>
Receipts from Delinquent Taxes	A-2	<u>1,390,000</u>	<u>-</u>	<u>1,359,137</u>	<u>(30,863)</u>
Amount to be Raised by Taxes for Municipal Budget					
Local Tax for Municipal Purposes		37,995,062		38,222,155	227,093
Minimum Library Tax		988,596	-	988,596	-
Total Amount to be Raised by Taxes	A-2	<u>38,983,658</u>	<u>-</u>	<u>39,210,751</u>	<u>227,093</u>
Budget Totals		<u>\$ 56,739,732</u>	<u>\$ 2,760,560</u>	<u>57,755,712</u>	<u>\$ (1,744,580)</u>
Non-Budget Revenues	A-2			<u>339,701</u>	
				<u>\$ 58,095,413</u>	

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

	<u>Reference</u>	
Analysis of Current Tax Collections		
Revenue from Collections	A-8	\$ 98,197,260
Less		
Reserved for Tax Appeals	A-26	<u>500,000</u>
	A-2	97,697,260
Allocated to School, County Taxes and Special District Taxes	A-22, A-23 A-24, A-25	<u>60,736,509</u>
		36,960,751
Add Appropriation "Reserve for Uncollected Taxes	A-3	<u>2,250,000</u>
Balance for Support of Municipal Budget Appropriations	A-2	<u>\$ 39,210,751</u>
Interest on Investments		
Revenue Accounts Receivable	A-11	\$ 62,669
Due from Other Trust Fund	B-16	3,034
Due from General Capital Fund	C-4	23,307
Due from Self Insurance Trust Fund	B-13	72
Due from Animal Control Fund	B-5	<u>28</u>
	A-2	<u>\$ 89,110</u>
Non-Budget Revenue		
Uniform Fire Safety Act		\$ 79,355
Zoning Maps/Ordinances		10,500
PILOT - LIHTC Artist Hous		19,044
PILOT - 1255 Main Reva.		84,564
Outside Health Services - Berkeley Heights		43,598
Sale of Recyclables		3,480
Board of Adjustment Applications		11,685
Unknown State ETF		9,132
Refund of Prior Year Expenditures		48,961
Engineering Fees		11,988
Other Miscellaneous		<u>17,394</u>
	A-2	<u>\$ 339,701</u>

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

	<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	\$ 323,000	\$ 391,800	\$ 390,970	\$ 830	
Other Expenses	541,000	571,000	485,682	5,318	\$ 80,000
Mayor's Office					
Salaries and Wages	72,000	74,500	74,500		
Municipal Council					
Salaries and Wages	75,000	75,000	73,841	1,159	
Other Expenses	1,000	1,000	910	90	
Environmental Commission					
Salaries and Wages	4,000	4,000	3,800	200	
Other Expenses	1,000	1,000	850	150	
City Clerk					
Salaries and Wages	159,000	147,000	146,593	407	
Other Expenses	70,000	70,200	70,146	54	
Department of Revenue and Finance					
Salaries and Wages	515,000	435,000	431,281	3,719	
Other Expenses	638,000	902,000	880,333	21,667	
Municipal Audit	60,000	60,000	60,000		
Revenue Administration (Tax Collection)					
Salaries and Wages	187,000	188,000	187,961	39	
Other Expenses	60,000	60,000	24,740	10,260	25,000
Department of Assessment					
Salaries and Wages	149,000	137,000	135,306	1,694	
Other Expenses	50,000	50,000	17,756	7,244	25,000
Department of Law					
Salaries and Wages	92,000	105,000	104,036	964	
Other Expenses	550,000	550,000	480,466	69,534	
Division of Engineering					
Salaries and Wages	224,000	202,000	201,262	738	
Other Expenses	383,000	683,000	548,788	95,212	39,000
Department of Building, Planning & Economic Development					
Salaries and Wages	175,000	281,000	280,416	584	
Other Expenses	29,000	29,000	20,891	8,109	
Planning Board					
Salaries and Wages	4,000	4,100	4,063	37	
Other Expenses	6,000	6,000	5,534	466	
Zoning Board of Adjustment					
Salaries and Wages	4,000	4,100	4,063	37	
Other Expenses	9,000	9,000	8,623	377	
Uniform Construction Code Enforcement (N.J.S.A. 52:27D-120 etc.)					
Salaries and Wages	580,000	530,000	527,597	2,403	
Other Expenses	109,000	59,000	31,352	12,648	15,000
Municipal A.B.C. Board					
Salaries and Wages	5,000	5,000	3,217	1,783	
Other Expenses	1,000	1,000	383	617	
Insurance					
Other Insurance	1,350,000	1,290,000	1,175,495	74,505	40,000
Employee Group Insurance	6,652,000	6,736,500	6,416,373	160,127	160,000
Police Department					
Salaries and Wages	8,826,626	8,816,626	8,814,779	1,847	
Other Expenses	432,000	432,000	320,749	11,251	100,000

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

	<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	\$ 57,000	\$ 57,000	\$ 55,499	\$ 1,501	
Other Expenses	33,000	33,000	31,983	1,017	
Fire Department					
Salaries and Wages	6,001,376	6,038,276	6,038,177	99	
Other Expenses	211,000	211,000	178,557	26,443	\$ 6,000
Department of Public Works					
Salaries and Wages	3,101,287	2,496,787	2,417,530	257	79,000
Other Expenses	1,267,000	1,267,000	1,012,573	120,427	134,000
Solid Waste and Recycling					
Salaries and Wages	1,290,000	1,374,000	1,373,732	268	
Other Expenses	1,398,000	1,398,000	1,237,900	160,100	
Department of Health and Welfare					
Salaries and Wages	514,000	551,000	546,676	4,324	
Other Expenses	211,000	227,000	199,723	27,277	
Community Services - Senior Services					
Salaries and Wages	255,000	170,000	163,471	6,529	
Other Expenses	51,000	51,000	26,811	24,189	
Recreation Department					
Salaries and Wages	662,000	562,000	561,182	818	
Other Expenses	292,000	297,000	245,679	1,321	50,000
Municipal Court					
Salaries and Wages	628,000	538,000	533,017	4,983	
Other Expenses	50,000	50,000	36,602	13,398	
Contribution to Rahway Redevelopment Agency					
	100,000	100,000	100,000		
Unclassified					
Electricity	375,000	415,000	285,700	129,300	
Heating Fuels	105,000	105,000	68,985	36,015	
Telephone	125,000	165,000	122,881	42,119	
Street Lighting	575,000	605,000	535,553	69,447	-
Total Operations Within "CAPS"	39,638,289	39,621,889	37,704,987	1,163,902	753,000
Contingent					
	-	-	-	-	-
Total Operations Including Contingent - Within "CAPS"	39,638,289	39,621,889	37,704,987	1,163,902	753,000
Detail:					
Salaries & Wages	23,903,289	23,187,189	22,871,707	34,482	79,000
Other Expenses (Including Contingent)	15,735,000	16,434,700	14,833,280	1,129,420	674,000

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

	<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	\$ 929,051	\$ 929,051	\$ 929,051		
Police and Firemen's Retirement System	3,844,151	3,844,151	3,844,151		
Pension Adjustment Fund	20,000	20,000	17,955	\$ 2,045	
Social Security	860,000	875,000	861,814	13,186	
DCRP Contribution	20,000	20,000	16,826	3,174	-
	<u>5,673,202</u>	<u>5,688,202</u>	<u>5,669,797</u>	<u>18,405</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"					
	<u>5,673,202</u>	<u>5,688,202</u>	<u>5,669,797</u>	<u>18,405</u>	<u>-</u>
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>45,311,491</u>	<u>45,310,091</u>	<u>43,374,784</u>	<u>1,182,307</u>	<u>\$ 753,000</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (Chapter 82, P.L. 1985)					
Other Expenses	1,473,000	1,473,000	1,382,500	90,500	
Police Dispatch 9-1-1 System					
Salaries and Wages	212,000	212,000	203,770	8,230	
Other Expenses	139,000	139,000	135,814	3,186	
Public and Private Programs Offset with Revenues					
Clean Communities Program	53,062	53,062	53,062		
Multiple Housing Inspections	10,683	10,683	10,683		
NJ Crime Status		20,000	20,000		
NJACCHO		30,560	30,560		
CARES ACT		2,700,000	2,700,000		
Drunk Driving Enforcement Fund	21,590	21,590	21,590		
UC Recreation Grant	37,500	37,500	37,500		
Motor Vehicles	3,000	3,000	3,000		
Emergency Management	5,470	5,470	5,470		
CLEP Grant	3,750	3,750	3,750		
Green the Streets	3,000	3,000	3,000		
Municipal Alliance	4,615	4,615	4,615		
Grahill Charitable Trust	-	10,000	10,000	-	-
	<u>1,966,670</u>	<u>4,727,230</u>	<u>4,625,314</u>	<u>101,916</u>	<u>-</u>
Total Operations - Excluded from "CAPS"					
	<u>1,966,670</u>	<u>4,727,230</u>	<u>4,625,314</u>	<u>101,916</u>	<u>-</u>
Detail:					
Salaries and Wages	212,000	212,000	203,770	8,230	
Other Expenses	1,754,670	4,515,230	4,421,544	93,686	-
	<u>1,754,670</u>	<u>4,515,230</u>	<u>4,421,544</u>	<u>93,686</u>	<u>-</u>

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

	<u>Appropriation</u>	<u>Expended</u>	<u>Unexpended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</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	3,930,833	3,930,833	3,930,833		
Payment of Note Principal	116,077	116,077	116,077		
Interest on Bonds	1,414,338	1,414,338	1,414,338		
Interest in Notes	307,620	307,620	307,620		
Green Acres Loan	48,000.00	49,400.00	49,322.00		\$ 78
Repayment of Principal and Interest					
NJ DCA Loan Repayment	-	-	-		
Capital Grant Agreement - Rahway Redevelopment Agency					
Library Project/Arts Center Project	<u>1,142,917</u>	<u>1,142,917</u>	<u>1,142,917</u>	<u>-</u>	<u>-</u>
Total Municipal Debt Service					
Excluded from "CAPS"	<u>6,959,785</u>	<u>6,961,185</u>	<u>6,961,107</u>	<u>-</u>	<u>78</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES - EXCLUDED FROM "CAPS"					
Cancelled Grants Receivable - General Capital Fund	<u>1,786</u>	<u>1,786</u>	<u>1,786</u>	<u>-</u>	<u>-</u>
Total Deferred Charges and Statutory Expenditures					
Excluded from "CAPS"	<u>1,786</u>	<u>1,786</u>	<u>1,786</u>	<u>-</u>	<u>-</u>
Total General Appropriations - Excluded from "CAPS"	<u>9,178,241</u>	<u>11,940,201</u>	<u>11,838,207</u>	<u>\$ 101,916</u>	<u>78</u>
Subtotal General Appropriations	54,489,732	57,250,292	55,212,991	1,284,223	753,078
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>\$ 56,739,732</u>	<u>\$ 59,500,292</u>	<u>\$ 57,462,991</u>	<u>\$ 1,284,223</u>	<u>\$ 753,078</u>
	<u>Reference</u>	A-2		A-1	

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

	<u>Reference</u>	Budget After <u>Modification</u>	<u>Paid or Charged</u>
Budget as Adopted	A-2	\$ 56,739,732	
Added by N.J.S. 40A:4-87	A-2	<u>2,760,560</u>	
		<u>\$ 59,500,292</u>	
Cash Disbursements	A-4		\$ 49,950,487
Encumbrances Payable	A-15		1,216,357
Transferred to Appropriated Grant Reserves	A-21		2,903,230
Due to Rahway Redevelopment Agency	A-13		1,142,917
Reserve for Uncollected Taxes	A-2		<u>2,250,000</u>
			<u>\$ 57,462,991</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Animal Control Fund			
Cash	B-2	\$ 11,114	\$ 6,805
		<u>11,114</u>	<u>6,805</u>
Community Development Trust Fund			
Cash	B-2	660,262	504,871
Community Development Grants Receivable	B-6	668,806	658,821
Loans Receivable	B-7	203,676	214,931
Deferred Loans Receivable	B-8	<u>2,830,674</u>	<u>2,892,205</u>
		<u>4,363,418</u>	<u>4,270,828</u>
Other Trust Fund			
Cash	B-2	4,500,855	2,725,179
Due from Current Fund	B-16	388,454	2,942,745
Due from Sewer Utility Capital Fund	E-27	<u>85,039</u>	<u>-</u>
		<u>4,974,348</u>	<u>5,667,924</u>
Self- Insurance Fund			
Cash	B-2	25,426	27,503
Due from Current Fund	B-13	73	
Due from Other Trust Fund	B-23	<u>57,190</u>	<u>57,190</u>
		<u>82,689</u>	<u>84,693</u>
Total Assets		<u>\$ 9,431,569</u>	<u>\$ 10,030,250</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Animal Control Fund			
Due to State of New Jersey	B-3	\$ 8	\$ 219
Reserve for Animal Control Expenditures	B-4	11,106	6,574
Due to Current Fund	B-5	<u>-</u>	<u>12</u>
		<u>11,114</u>	<u>6,805</u>
Community Development Trust Fund			
Due to Current Fund	B-21	56,800	116,085
Due to General Capital Fund	B-22	561,000	561,000
Reserve for Loans Receivable	B-7, B-8	3,034,350	3,107,136
Encumbrances Payable	B-9	124,957	136,590
Reserve for Community Development Expenditures	B-10	<u>586,311</u>	<u>350,017</u>
		<u>4,363,418</u>	<u>4,270,828</u>
Other Trust Fund			
Due to Self Insurance Trust Fund	B-23	57,190	57,190
Miscellaneous Reserves and Deposits	B-15	4,328,510	5,074,848
Other Liabilities	B-17	330,149	189,355
Payroll Deductions Payable	B-18	19,206	157,206
Accrued Salaries and Wages	B-19	192,949	147,271
Reserve for Flex Spending	B-20	8,694	4,404
Fund Balance	B-1	<u>37,650</u>	<u>37,650</u>
		<u>4,974,348</u>	<u>5,667,924</u>
Self- Insurance Fund			
Due to Current Fund	B-13		5,015
Reserve for Workers' Compensation	B-11	20,936	1,580
Reserve for Unemployment Compensation	B-12	36,027	65,216
Due to State of New Jersey	B-14	<u>25,726</u>	<u>12,882</u>
		<u>82,689</u>	<u>84,693</u>
Total Liabilities and Fund Balance		<u>\$ 9,431,569</u>	<u>\$ 10,030,250</u>

**CITY OF RAHWAY
STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
OTHER TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	B	\$ <u>37,650</u>	\$ <u>37,650</u>
Balance, End of Year	B	\$ <u>37,650</u>	\$ <u>37,650</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash	C-2, C-3	\$ 6,090,720	\$ 8,707,148
Deferred Charges to Future Taxation			
Funded	C-5	42,529,292	41,271,069
Unfunded	C-6	12,779,120	13,108,881
Grants Receivable	C-9	2,181,114	2,295,545
Due from Current Fund	C-4	4,216,959	3,773,150
Due from CDBG Trust Fund	B-22	561,000	561,000
Due from Water Utility Capital Fund	D-16	1,254,582	2,259,684
Due from Sewer Utility Operating Fund	E-11		100,880
Due from Sewer Utility Capital Fund	D-14	4,859	
Due from Parking Utility Operating Fund	C-16	<u>772,500</u>	<u>-</u>
 Total Assets		 <u>\$ 70,390,146</u>	 <u>\$ 72,077,357</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 42,361,302	\$ 41,077,135
Bond Anticipation Notes Payable	C-10	7,775,000	10,254,000
Green Acres Loans Payable	C-11	167,990	193,934
Contracts Payable	C-14	2,154,252	3,914,770
Improvement Authorizations:			
Funded	C-7	3,822,061	2,798,518
Unfunded	C-7	4,564,773	4,672,633
Due to Rahway Redevelopment Agency	C-13	235,708	235,708
Due to Sewer Utility Capital Fund	E-14		750,144
Due to Parking Utility Capital Fund	C-17	759,712	
Capital Improvement Fund	C-12	206,272	209,772
Reserve for Grants Receivable	C-9	1,981,114	2,095,545
Reserve for Payment of Debt	C-15	610,646	610,646
Fund Balance	C-1	<u>5,751,316</u>	<u>5,264,552</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 70,390,146</u>	 <u>\$ 72,077,357</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$5,518,551 and \$3,150,286, 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, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	C	\$ 5,264,552	\$ 4,799,506
Increased by:			
Premium on Bonds/Bond Anticipation Notes	C-2	<u>486,764</u>	<u>465,046</u>
		5,751,316	5,264,552
Decreased by:			
Appropriated to Finance Improvement Authorizations	C	<u>-</u>	<u>-</u>
Balance, End of Year	C	<u>\$ 5,751,316</u>	<u>\$ 5,264,552</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Operating Fund			
Cash	D-5	\$ 359,471	\$ 704,824
Cash - Change Fund	D-7	200	200
Due from Current Fund	D-15	1,014,380	
Due from Water Utility Capital Fund	D-14	2,947,929	3,439,299
Due from Sewer Utility Capital Fund	E-29	-	600,000
		<u>4,321,980</u>	<u>4,744,323</u>
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	D-10	<u>1,411,948</u>	<u>1,060,969</u>
Total Operating Fund		<u>5,733,928</u>	<u>5,805,292</u>
Capital Fund			
Cash	D-5, D-6	1,796,599	3,065,861
Cash with Fiscal Agents	D-5	1,802,167	1,802,167
Fixed Capital	D-8	56,104,090	55,029,090
Fixed Capital Authorized and Uncompleted	D-9	<u>8,479,369</u>	<u>5,304,369</u>
Total Capital Fund		<u>68,182,225</u>	<u>65,201,487</u>
Total Assets		<u>\$ 73,916,153</u>	<u>\$ 71,006,779</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	D-4, D-11	\$ 36,744	\$ 207,474
Encumbrances Payable	D-12	57,296	23,428
Accounts Payable and Other Liabilities	D-13	193,201	125,559
Accrued Interest on Bonds and Notes	D-26	116,803	101,221
Due to Current Fund	D-15		1,576,148
Due to Sewer Utility Operating Fund	E-12	<u>777,187</u>	<u>349,960</u>
		1,181,231	2,383,790
Reserve for Receivables	D	1,411,948	1,060,969
Fund Balance	D-1	<u>3,140,749</u>	<u>2,360,533</u>
Total Operating Fund		<u>5,733,928</u>	<u>5,805,292</u>
Capital Fund			
Serial Bonds Payable	D-22	8,944,000	9,469,000
NJ EIT Loan Payable	D-24	13,565,042	14,177,939
Bond Anticipation Notes Payable	D-23	1,000,000	
Contracts Payable	D-19	1,167,620	432,316
Capital Improvement Fund	D-25	106,472	106,472
Improvement Authorizations			
Funded	D-18	441,915	655,023
Unfunded	D-18	6,513,416	4,074,058
Reserve for Amortization	D-20	30,664,576	29,526,679
Reserve for Deferred Amortization	D-21	303,929	303,929
Reserve for Future Capital Improvements	D-17	500,000	
Due to General Capital Fund	D-16	1,254,582	2,259,684
Due to Water Utility Operating Fund	D-14	2,947,929	3,439,299
Fund Balance	D-2	<u>772,744</u>	<u>757,088</u>
Total Capital Fund		<u>68,182,225</u>	<u>65,201,487</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 73,916,153</u>	<u>\$ 71,006,779</u>

There were bonds and notes authorized but not issued on December 31, 2020 and 2019 of \$10,105,912 and \$6,855,912, respectively (Exhibit D-27).

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - WATER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized			
Rents	D-3	\$ 7,187,972	\$ 7,100,000
Additional Water Rents	D-3	200,000	438,160
Non-Budget Revenues	D-3	270,590	278,998
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-11	<u>28,911</u>	<u>114,357</u>
		<u>7,687,473</u>	<u>7,931,515</u>
Expenditures			
Budget Appropriations			
Operating	D-4	4,800,000	4,690,000
Capital Improvements	D-4	500,000	
Debt Service	D-4	1,605,456	1,595,668
Refund of Prior Year Revenue	D-5	<u>1,801</u>	<u>1,246</u>
		<u>6,907,257</u>	<u>6,286,914</u>
Excess in Revenues Over Expenditures		780,216	1,644,601
Adjustments to Income Before Fund Balance			
Surplus to General Budget	D-1	<u>-</u>	<u>(904,332)</u>
Statutory Excess to Fund Balance		780,216	740,269
Fund Balance, Beginning of Year	D	<u>2,360,533</u>	<u>1,620,264</u>
Fund Balance, End of Year	D	<u>\$ 3,140,749</u>	<u>\$ 2,360,533</u>

**CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	D	\$ 757,088	\$ 484,088
Increased by:			
Premium on Issuance of Bonds and Notes	D-5	<u>15,656</u>	<u>273,000</u>
Balance, End of Year	D	<u>\$ 772,744</u>	<u>\$ 757,088</u>

**CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Rents	D-1,D-10	\$ 7,538,160	\$ 7,187,972	\$ (350,188)
Additional Water Rents	D-1, D-10	<u>200,000</u>	<u>200,000</u>	<u>-</u>
		<u>\$ 7,738,160</u>	7,387,972	<u>\$ (350,188)</u>
Non-budget Revenue			<u>270,590</u>	
			<u>\$ 7,658,562</u>	
 <u>Analysis of Realized Revenue:</u>				
<u>Miscellaneous</u>				
Water Connection Fees			\$ 255,067	
Interest on Investments			<u>15,523</u>	
			<u>\$ 270,590</u>	
Cash Receipts	D-5		\$ 261,960	
Due from Water Utility Capital Fund	D-14		<u>8,630</u>	
			<u>\$ 270,590</u>	

**CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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					
Management Fee	\$ 4,200,000	\$ 4,255,000	\$ 4,252,698	\$ 2,302	
Other Expenses	600,000	545,000	510,558	34,442	
Capital Improvements					
Capital Outlay	500,000	500,000	500,000		
Debt Service					
Payment of Bond Principal	525,000	525,000	525,000		
Interest on Bonds	306,091	306,091	306,091		
Principal and Interest on Loans	774,365	774,365	774,365		
Surplus (General Budget)	<u>832,704</u>	<u>832,704</u>	-	-	\$ 832,704
	<u>\$ 7,738,160</u>	<u>\$ 7,738,160</u>	<u>\$ 6,868,712</u>	<u>\$ 36,744</u>	<u>\$ 832,704</u>
Adopted Budget	<u>Reference</u>	D-5	<u>\$ 7,738,160</u>	D-1	
		<u>Reference</u>			
Cash Disbursements		D-5	\$ 5,843,857		
Encumbrances Payable		D-12	57,296		
Due to Water Utility Capital Fund		D-14	500,000		
Accrued Interest on Bonds and Notes		D-26	<u>467,559</u>		
			<u>\$ 6,868,712</u>		

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
SEWER UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Operating Fund			
Cash	E-5	\$ 1,308,129	\$ 5,345,411
Due from Current Fund	D-10	356,740	
Due from Water Utility Operating Fund	E-12	777,187	349,960
Due from Sewer Utility Capital Fund	E-13	<u>11</u>	<u>85,099</u>
		<u>2,442,067</u>	<u>5,780,470</u>
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	E-7	<u>535,189</u>	<u>486,138</u>
Total Operating Fund		<u>2,977,256</u>	<u>6,266,608</u>
Capital Fund			
Cash	E-5, E-6	408,954	656,305
Fixed Capital	E-8	4,205,428	4,205,428
Fixed Capital Authorized and Uncompleted	E-9	4,708,000	3,538,000
Due from General Capital Fund	E-14		750,144
Due from Current Fund	E-28	<u>1,520,154</u>	<u>209,483</u>
Total Capital Fund		<u>10,842,536</u>	<u>9,359,360</u>
Total Assets		<u>\$ 13,819,792</u>	<u>\$ 15,625,968</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
SEWER UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	E-3, E-15	\$ 83,842	\$ 123,659
Encumbrances Payable	E-16	89,104	4,800
Accounts Payable	D-17	4,800	
Due to Current Fund	E-10		3,430,260
Due to General Capital Fund	E-11		100,880
Accrued Interest on Bonds and Loans	E-24	<u>6,669</u>	<u>8,763</u>
		184,415	3,668,362
Reserve for Receivables	E	535,189	486,138
Fund Balance	E-1	<u>2,257,652</u>	<u>2,112,108</u>
Total Operating Fund		<u>2,977,256</u>	<u>6,266,608</u>
Capital Fund			
Serial Bonds Payable	E-18	2,665,698	2,884,865
NJ Environmental Infrastructure Loan Payable	E-19	390,637	527,534
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 Water Utility Operating Fund	E-29		600,000
Due to Sewer Utility Operating Fund	E-13	11	85,099
Improvement Authorizations			
Funded	E-21	402,065	443,739
Unfunded	E-21	1,840,014	883,796
Contracts Payable	E-22	87,796	445,425
Capital Improvement Fund	E-23	374,500	374,500
Reserve for Amortization	E-25	3,178,145	2,822,081
Deferred Reserve for Amortization	E-26	6,700	6,700
Fund Balance	E-2	<u>309,072</u>	<u>285,621</u>
Total Capital Fund		<u>10,842,536</u>	<u>9,359,360</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 13,819,792</u>	<u>\$ 15,625,968</u>

There were bonds and notes authorized but not issued of \$1,174,248 and \$1,502,248, on December 31, 2020 and 2019, respectively. (Exhibit E-30)

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - SEWER UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized			
Surplus Anticipated	E-3	\$ 250,000	\$ 250,000
Rents	E-3	4,996,492	5,086,645
Industrial Sewer Flow Charges	E-1		303,367
Sewer Connection Fees	E-3	250,306	24,194
Non-Budget Revenues	E-3	12,355	16,669
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	E-15	<u>123,659</u>	<u>36,138</u>
		<u>5,632,812</u>	<u>5,717,013</u>
Expenditures			
Budget Appropriations			
Operating	E-4	4,775,000	4,460,180
Debt Service	E-4	450,268	409,083
Deferred Charges and Statutory Expenditures	E-4	<u>12,000</u>	<u>12,000</u>
		<u>5,237,268</u>	<u>4,881,263</u>
Excess in Revenues Over Expenditures		395,544	835,750
Adjustments to Income Before Fund Balance			
Surplus to General Budget	E-1	<u>-</u>	<u>(403,591)</u>
Statutory Excess to Fund Balance		395,544	432,159
Fund Balance, Beginning of Year	E	<u>2,112,108</u>	<u>1,929,949</u>
		2,507,652	2,362,108
Decreased by:			
Utilized as Anticipated Revenue	E-3	<u>250,000</u>	<u>250,000</u>
Fund Balance, End of Year	E	<u>\$ 2,257,652</u>	<u>\$ 2,112,108</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	E	\$ 285,621	\$ 125,743
Increased by:			
Premium on Bonds/Bond Anticipation Notes	E-5	<u>23,451</u>	<u>159,878</u>
Balance, End of Year	E	<u>\$ 309,072</u>	<u>\$ 285,621</u>

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Surplus Anticipated	E-1	\$ 250,000	\$ 250,000	
Rents	E-1, E-7	4,900,000	4,900,000	
Additional Sewer Rents	E-1, E-7	225,000	96,492	\$ (128,508)
Industrial Sewer Flow Charges	E-1, E-5	<u>250,000</u>	<u>250,306</u>	<u>306</u>
	E-4	<u>\$ 5,625,000</u>	5,496,798	<u>\$ (128,202)</u>
Non-Budget Revenue			<u>12,355</u>	
			<u>\$ 5,509,153</u>	
 <u>Analysis of Realized Revenue:</u>				
 <u>Non-Budget Revenue</u>				
Cash Receipts			\$ 11,200	
Due from Sewer Utility Capital Fund			<u>1,155</u>	
			<u>\$ 12,355</u>	

**CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<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	\$ 200,000	\$ 228,000	\$ 227,454	\$ 546	
Other Expenses	200,000	172,000	129,034	42,966	
Sewer Treatment Expense					
Rahway Valley Sewer Authority	4,300,000	4,300,000	4,281,575	18,425	
Sewer Permit Fees	75,000	75,000	65,095	9,905	
Debt Service					
Payment of Bond Principal	219,167	219,167	219,167		
Interest on Bonds	85,036	85,036	85,036		
Principal and Interest on Loans	151,070	151,070	146,065		\$ 5,005
Statutory Expenditures					
Social Security System (O.A.S.I.)	12,000	12,000		12,000	
Surplus (General Budget)	<u>382,727</u>	<u>382,727</u>	<u>-</u>	<u>-</u>	<u>382,727</u>
	<u>\$ 5,625,000</u>	<u>\$ 5,625,000</u>	<u>\$ 5,153,426</u>	<u>\$ 83,842</u>	<u>\$ 387,732</u>
	<u>Reference</u>	E-3	E-1	E,E-1	
Cash Disbursements	E-5		\$ 4,970,118		
Encumbrances Payable	E-16		89,104		
Accrued Interest on Bonds and Notes	E-24		<u>94,204</u>		
			<u>\$ 5,153,426</u>		

**CITY OF RAHWAY
BALANCE SHEET - REGULATORY BASIS -
PARKING UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Operating Fund			
Cash	F-5	\$ 4,804,213	\$ 4,905,246
Due from Current Fund	F-10	559,799	
Due from Parking Utility Capital Fund	F-9	<u>566,627</u>	<u>-</u>
Total Operating Fund		<u>5,930,639</u>	<u>4,905,246</u>
Capital Fund			
Cash	F-5, F-6		492,925
Fixed Capital	F-7	11,190,396	11,190,396
Fixed Capital Authorized and Uncompleted	F-8	830,000	750,000
Due from Current Fund	F-23	192,186	
Due from General Capital Fund	C-17	759,712	
Due from Parking Utility Operating	F-9	<u>-</u>	<u>183,770</u>
Total Capital Fund		<u>12,972,294</u>	<u>12,617,091</u>
Total Assets		<u>\$ 18,902,933</u>	<u>\$ 17,522,337</u>

**CITY OF RAHWAY
BALANCE SHEET - REGULATORY BASIS -
PARKING UTILITY FUND
AS OF DECEMBER 31, 2020 AND 2019**

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	F-4, F-12	\$ 401,708	\$ 362,894
Encumbrances Payable	F-13	52,760	45,755
Other Liabilities	F-17	549,590	
Due to Parking Utility Capital Fund	F-9		183,770
Due to Current Fund	F-10		559,799
Due to General Capital Fund	C-16	772,500	
Reserve for Rate Stabilization	F-11	1,500,000	1,500,000
Accrued Interest on Bonds and Notes	F-14	29,319	4,932
Reserve for Security Deposits	F-15	3,385	3,325
Prepaid Revenue	F-16	-	1,453
		<u>3,309,262</u>	<u>2,661,928</u>
Fund Balance	F-1	<u>2,621,377</u>	<u>2,243,318</u>
Total Operating Fund		<u>5,930,639</u>	<u>4,905,246</u>
Capital Fund			
Serial Bonds Payable	F-189	2,990,000	3,155,000
Bond Anticipation Notes Payable	F-19	750,000	750,000
Due to Parking Utility Operating Fund	F-9	566,627	
Reserve for Amortization	F-20	8,200,396	8,035,396
Reserve for Future Capital Improvements	F-21	186,524	186,524
Contracts Payable	F-22	9,069	239,098
Improvement Authorizations			
Unfunded	F-24	245,277	238,413
Fund Balance	F-2	<u>24,401</u>	<u>12,660</u>
Total Capital Fund		<u>12,972,294</u>	<u>12,617,091</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 18,902,933</u>	<u>\$ 17,522,337</u>

There were bonds and notes authorized but not issued of \$80,000 and \$-0- on December 31, 2020 and 2019. (Exhibit F-25)

CITY OF RAHWAY
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - PARKING UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized			
Parking Fees	F-3	\$ 835,286	\$ 1,722,026
Ground Lease	F-3	495,814	482,827
Non-Budget Revenues	F-3	11,764	119,956
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	F-12	<u>342,732</u>	<u>-</u>
		<u>1,685,596</u>	<u>2,324,809</u>
Expenditures			
Budget Appropriations			
Operating	F-4	915,000	915,000
Debt Service	F-4	353,862	320,000
Deferred Charges and Statutory Expenditures	F-4	37,000	37,000
Refund of Prior Year Revenue	F-5	<u>1,675</u>	<u>-</u>
		<u>1,307,537</u>	<u>1,272,000</u>
Excess in Revenues Over Expenditures		378,059	1,052,809
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>-</u>	<u>(270,000)</u>
Statutory Excess to Fund Balance		378,059	782,809
Fund Balance, Beginning of Year	F	<u>2,243,318</u>	<u>1,460,509</u>
Fund Balance, End of Year	F	<u>\$ 2,621,377</u>	<u>\$ 2,243,318</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
PARKING UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>Reference</u>	<u>2020</u>	<u>2019</u>
Balance, Beginning of Year	F	\$ 12,660	
Increased by:			
Premium on Bond Anticipation Notes	F-5	<u>11,741</u>	<u>\$ 12,660</u>
Balance, End of Year	F	<u>\$ 24,401</u>	<u>\$ 12,660</u>

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
PARKING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Parking Fees	F-1	\$ 1,100,000	\$ 835,286	\$ (264,714)
Ground Lease	F-1	<u>495,000</u>	<u>495,814</u>	<u>814</u>
	F-4	<u>\$ 1,595,000</u>	\$ 1,331,100	<u>\$ (263,900)</u>
Non-Budget Revenue			<u>11,764</u>	
			<u>\$ 1,342,864</u>	
 <u>Analysis of Realized Revenue:</u>				
<u>Parking Fees</u>				
Cash Receipts			\$ 833,833	
Prepaid Revenue Applied			<u>1,453</u>	
			<u>\$ 835,286</u>	
 <u>Non-Budget Revenue</u>				
Cash Receipts			\$ 11,367	
Due from Parking Utility Capital Fund			<u>397</u>	
			<u>\$ 11,764</u>	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
PARKING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 340,000	\$ 340,000	\$ 325,526	\$ 14,474	
Other Expenses	575,000	575,000	224,766	350,234	
Debt Service					
Payment of Bond Principal	165,000	165,000	165,000		
Interest on Bonds	155,000	155,000	153,862		\$ 1,138
Interest on Notes	50,000	50,000	35,000		15,000
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>273,000</u>	<u>273,000</u>	<u>-</u>	<u>-</u>	<u>273,000</u>
	<u>\$ 1,595,000</u>	<u>\$ 1,595,000</u>	<u>\$ 904,154</u>	<u>\$ 401,708</u>	<u>\$ 289,138</u>
	<u>Reference</u>	F-3	F-1	F, F-1	
Cash Disbursements	F-5		\$ 662,532		
Encumbrances Payable	F-13		52,760		
Accrued Interest on Bonds and Notes	F-14		<u>188,862</u>		
			<u>\$ 904,154</u>		

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u> (Restated)
ASSETS		
Land	\$ 13,925,600	\$ 13,925,600
Buildings and Building Improvements	18,708,881	18,708,881
Machinery and Equipment	<u>14,712,115</u>	<u>13,029,230</u>
Total Assets	<u>\$ 47,346,596</u>	<u>\$ 45,663,711</u>
 LIABILITIES AND RESERVES		
Investment in General Fixed Assets	<u>\$ 47,346,596</u>	<u>\$ 45,663,711</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, 2020 AND 2019**

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, 2020 AND 2019

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, 2020 AND 2019**

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, 2019 balances to conform to the December 31, 2020 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, 2020 AND 2019**

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, 2020 AND 2019

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, 2020 AND 2019**

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.

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.

General 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.

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.

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.

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

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 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 2020 and 2019, the City increased the original budget by \$2,760,560 and \$43,244, respectively. The increases were funded by additional aid allotted to the City. In addition, the governing body approved several budget transfers during 2020 and 2019.

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 all deposits not covered by the FDIC or NCUSIF.

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

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, 2020 and 2019, the book value of the City's deposits were \$43,651,536 and \$47,150,178 and bank and brokerage firm balances of the City's deposits amounted to \$46,556,929 and \$48,227,871, 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>2020</u>	<u>2019</u>
Insured	<u>\$ 46,556,929</u>	<u>\$ 48,227,871</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, 2020 and 2019, none of the City’s bank balances were not exposed to custodial credit risk.

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, 2020 and 2019 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, 2020 AND 2019**

NOTE 4 TAXES AND UTILITY CHARGES RECEIVABLE

Receivables at December 31, 2020 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
<u>2020</u>				
Property Taxes	\$ 1,981,743			\$ 1,981,743
Tax Title Liens	484,349			484,349
Utility Rents	<u>-</u>	<u>\$ 1,411,948</u>	<u>\$ 535,189</u>	<u>1,947,137</u>
	<u>\$ 2,466,092</u>	<u>\$ 1,411,948</u>	<u>\$ 535,189</u>	<u>\$ 4,413,229</u>

In 2020, the City collected \$1,359,137 and \$1,547,107 from delinquent taxes and utility charges and fees, which represented 65% of the delinquent tax and 100% of the water and sewer charges receivable at December 31, 2019.

Receivables at December 31, 2019 consisted of the following:

	<u>Current</u>	<u>Water</u>	<u>Utility</u> <u>Sewer</u>	<u>Total</u>
<u>2019</u>				
Property Taxes	\$ 1,648,462			\$ 1,648,462
Tax Title Liens	427,083			427,083
Utility Rents	<u>-</u>	<u>\$ 1,060,969</u>	<u>\$ 486,138</u>	<u>1,547,107</u>
	<u>\$ 2,075,545</u>	<u>\$ 1,060,969</u>	<u>\$ 486,138</u>	<u>\$ 3,622,652</u>

In 2019, the City collected \$1,661,673 and \$1,507,256 from delinquent taxes and utility charges and fees, which represented 83% of the delinquent tax and 100% of the water and sewer charges receivable at December 31, 2018.

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

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>2020</u>		<u>2019</u>	
	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Current Fund	\$ 56,800	\$ 8,248,745	\$ 5,687,319	\$ 6,925,378
Trust Fund:				
Animal Control				12
Community Development		617,800		677,085
Other Trust	473,493	57,190	2,942,745	
Self Insurance	57,263			5,015
General Capital Fund	6,809,900	759,712	6,694,714	750,144
Water Utility Fund:				
Operating	3,962,309	777,187	4,039,299	1,926,108
Capital		4,202,511		5,698,983
Sewer Utility Fund:				
Operating	1,133,938		435,059	3,531,140
Capital	1,520,154	89,909	959,627	685,099
Parking Utility Fund:				
Operating	1,126,426	772,500		743,569
Capital	<u>951,898</u>	<u>566,627</u>	<u>183,770</u>	<u>-</u>
 Total	 <u>\$ 16,092,181</u>	 <u>\$ 16,092,181</u>	 <u>\$ 20,942,533</u>	 <u>\$ 20,942,533</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.

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>2020</u>			
Special Emergency – COVID Revenue Losses	<u>\$1,850,000</u>	<u>\$ _____ -</u>	<u>\$1,850,000</u>

2019

There were none.

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

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:

	<u>2020</u>		<u>2019</u>	
	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>	<u>Fund Balance December 31</u>	<u>Utilized in Subsequent Year's Budget</u>
Current Fund				
Cash Surplus	\$ 5,027,024	\$ 2,500,000	\$ 5,084,777	\$ 2,250,000
Non-Cash Surplus	<u>2,452,503</u>	<u>-</u>	<u>582,637</u>	<u>-</u>
	<u>\$ 7,479,527</u>	<u>\$ 2,500,000</u>	<u>\$ 5,667,414</u>	<u>\$ 2,250,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 3,140,749		\$ 2,360,533	
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,140,749</u>	<u>-</u>	<u>\$ 2,360,533</u>	<u>-</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 2,257,652	\$ 250,000	\$ 2,112,108	\$ 250,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,257,652</u>	<u>\$ 250,000</u>	<u>\$ 2,112,108</u>	<u>\$ 250,000</u>
Parking Utility Operating Fund				
Cash Surplus	\$ 2,621,377	\$ 337,000	\$ 2,243,318	
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,621,377</u>	<u>\$ 337,000</u>	<u>\$ 2,243,318</u>	<u>\$ -</u>

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

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, 2020 and 2019.

	Balance, December 31, <u>2019</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Land	\$ 13,925,600			\$ 13,925,600
Buildings and Improvements	18,708,881			18,708,881
Machinery and Equipment	<u>13,029,230</u>	<u>\$ 1,682,885</u>	<u>-</u>	<u>14,712,115</u>
	<u>\$ 45,663,711</u>	<u>\$ 1,682,885</u>	<u>\$ -</u>	<u>\$ 47,346,596</u>
	Balance, December 31, <u>2018</u>	<u>Increases</u>	<u>Adjustments</u>	Balance, December 31, <u>2019</u> (Restated)
<u>2019</u>				
Land	\$ 15,993,700		(2,068,100)	\$ 13,925,600
Buildings and Improvements	39,233,709	307,231	(20,832,059)	18,708,881
Machinery and Equipment	<u>9,797,717</u>	<u>1,415,753</u>	<u>1,815,760</u>	<u>13,029,230</u>
	<u>\$ 65,025,126</u>	<u>\$ 1,722,984</u>	<u>\$ (21,084,399)</u>	<u>\$ 45,663,711</u>

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

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, 2020 and 2019.

<u>Water Utility Fund</u>	Balance, December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Fixed Capital				
System and System Improvements	\$ 33,071,792	\$ 1,075,000		\$ 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>\$ 55,029,090</u>	<u>\$ 1,075,000</u>	<u>-</u>	<u>\$ 56,104,090</u>
	Balance, December 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Fixed Capital				
System and System Improvements	\$ 31,418,232	\$ 1,653,560		\$ 33,071,792
Land, Plant, Building and Building				
Improvements	20,816,708	566,754		21,383,462
Vehicles and Equipment	<u>573,836</u>	<u>-</u>	<u>-</u>	<u>573,836</u>
	<u>\$ 52,808,776</u>	<u>2,220,314</u>	<u>-</u>	<u>\$ 55,029,090</u>

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

NOTE 8 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets (Continued)

<u>Sewer Utility Fund</u>	Balance December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
<u>2020</u>				
Fixed Capital				
System and System Improvements	\$ 4,205,428	\$ -	-	\$ 4,205,428
	Balance December 31, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2019</u>
<u>2019</u>				
Fixed Capital				
System and System Improvements	\$ 3,655,428	\$ 550,000	-	\$ 4,205,428
<u>Parking Utility Fund</u>	Balance, December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
<u>2020</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>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2019</u>
<u>2019</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, 2020 AND 2019

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>2020</u>	<u>2019</u>
Issued		
General		
Bonds, Notes and Loans	\$ 50,304,292	\$ 51,525,069
Water Utility		
Bonds, Notes and Loans	23,509,042	23,646,939
Sewer Utility		
Bonds, Notes and Loans	4,554,335	3,412,399
Parking Utility		
Bonds	<u>3,740,000</u>	<u>3,905,000</u>
	82,107,669	82,489,407
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,125,077</u>	<u>906,051</u>
Net Debt Issued	80,982,592	81,583,356
Authorized But Not Issued		
General		
Bonds and Notes	5,518,551	3,150,286
Water Utility		
Bonds and Notes	10,105,912	6,855,912
Sewer Utility		
Bonds and Notes	1,174,248	1,502,248
Parking Utility		
Bonds and Notes	<u>80,000</u>	<u>-</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 97,861,303</u>	<u>\$ 93,091,802</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is extracted from the City's Annual Debt Statement and indicates a statutory net debt of 2.02% and 1.96% at December 31, 2020 and 2019, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2020</u>			
General Debt	\$ 55,822,843	\$ 1,125,077	\$ 54,697,766
School Debt	13,315,000	13,315,000	
Utility Debt	43,163,537	39,343,537	3,820,000
Debt Guarantees (Note 9)	<u>4,470,000</u>	<u>4,470,000</u>	<u>-</u>
Total	<u>\$ 116,771,380</u>	<u>\$ 58,253,614</u>	<u>\$ 58,517,766</u>

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2019</u>			
General Debt	\$ 54,675,355	\$ 906,051	\$ 53,769,304
School Debt	14,430,000	14,430,000	
Utility Debt	39,322,498	38,712,633	609,865
Debt Guarantees (Note 9)	<u>5,425,000</u>	<u>5,425,000</u>	<u>-</u>
Total	<u>\$ 113,852,853</u>	<u>\$ 59,473,684</u>	<u>\$ 54,379,169</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>2020</u>	<u>2019</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 101,145,265	\$ 97,392,170
Less: Net Debt	<u>58,517,766</u>	<u>54,379,169</u>
Remaining Borrowing Power	<u>\$ 42,627,499</u>	<u>\$ 43,013,001</u>

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

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>2020</u>	<u>2019</u>
\$11,650,000, 2011 Bonds, due in an annual installment of \$700,000 on April 15, 2020, interest at 4.00%.	\$	700,000
\$4,994,538, 2012 Refunding Bonds due in annual installments of \$493,185 to \$509,903 through December 1, 2023, interest at 2.375% to 2.625%	\$ 1,504,631	2,014,534
\$7,425,000, 2013 Bonds, due in annual installments of \$365,000 to \$515,000 through September 15, 2032, interest at 3.00% to 4.00%	5,150,000	5,505,000
\$1,720,000, 2014 Refunding Bonds, due in annual installments of \$250,000 to \$270,000 through June 15, 2023, interest at 4.00%	770,000	1,020,000
\$9,460,000, 2015 Bonds, due in annual installments of \$625,000 to \$700,000 through August 1, 2013, interest at 3.00% to 4.00%	7,395,000	7,920,000
\$4,463,056, 2015 Refunding Bonds, due in annual installments of \$476,780 to \$486,611 through October 1, 2024, interest at 4.125% to 4.25%	1,926,782	2,418,308
\$8,627,000, 2016 Bonds, due in annual installments of \$425,000 to \$797,000 through August 1, 2031, interest at 3.00% to 4.00%.	7,027,000	7,427,000
\$11,683,178, 2016 Refunding Bonds, due in annual installments of \$670,000 to \$1,179,921 through April 15, 2030, interest at 4.00%.	9,712,889	10,197,293
\$3,875,000, 2019 General Obligation Bonds, due in annual installments of \$230,000 to \$430,000 through July 15, 2031, interest at 2.00% to 4.00%.	3,660,000	3,875,000
\$5,215,000, 2019 General Obligation Bonds, due in annual installments of \$330,000 to \$660,000 through July 15, 2030, interest at 2.00% to 4.00%.	5,215,000	-
	<u>\$ 42,361,302</u>	<u>\$ 41,077,135</u>

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

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>2020</u>	<u>2019</u>
\$477,200, 2006 Green Acres Loan due in Semi-annual installments of \$13,167 to \$14,690 through August, 2026, interest at 2.00%	\$ 167,990	\$ 193,934
	<u>\$ 167,990</u>	<u>\$ 193,934</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>2020</u>	<u>2019</u>
\$1,670,000, 2014 Refunding Bonds, due in annual installments of \$245,000 to \$265,000 through June 15, 2023, interest at 4.0%	\$ 750,000	\$ 995,000
\$4,714,000, 2018 Bonds, due in annual installments of \$150,000 to \$280,000 through June 25, 2038, interest at 2.5% to 5.0%	4,429,000	4,574,000
\$3,900,000, 2019 Bonds, due in annual installments of \$140,000 to \$250,000 through July 15, 2039, interest at 2.0% to 4.0%	<u>3,765,000</u>	<u>3,900,000</u>
	<u>\$ 8,944,000</u>	<u>\$ 9,469,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Bonds (Continued)

Sewer Utility	<u>2020</u>	<u>2019</u>
Allocated \$980,462, 2012 Refunding Bonds, due in annual installments of \$96,815 to \$100,097 through December 1, 2023 interest at 2.375% to 2.625%	\$ 295,369	\$ 395,466
Allocated \$76,944, 2015 Refunding Bonds, due in annual installments of \$8,220 to \$8,389 through October 1, 2024 interest at 4.00%	33,218	41,692
Allocated \$251,822, 2016 Refunding Bonds, due in annual installments of \$23,269 to \$25,079 through April 15, 2026, interest at 2.00% to 4.00%	147,111	172,707
Allocated \$2,275,000, 2019 Bonds due in annual installments of \$85,000 to \$130,000 through July 15, 2038, interest at 2.00% to 4.00%	<u>2,190,000</u>	<u>2,275,000</u>
	<u>\$ 2,665,698</u>	<u>\$ 2,884,865</u>

Parking Utility

	<u>2020</u>	<u>2019</u>
\$3,335,000 2018 Revenue Refunding Bonds, due in annual installments of \$175,000 to \$300,000 through November 15, 2033 interest at 4.5%	<u>\$ 2,990,000</u>	<u>\$ 3,155,000</u>

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

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>2020</u>	<u>2019</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.	\$ 1,490,545	\$ 1,583,705
\$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%.	540,000	565,000
\$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.	8,499,497	8,904,234
\$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>3,035,000</u>	<u>3,125,000</u>
	<u>\$ 13,565,042</u>	<u>\$ 14,177,939</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Intergovernmental Loans Payable (Continued)

Sewer Utility	<u>2020</u>	<u>2019</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	\$ 106,448	\$ 158,314
\$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%	147,601	214,220
\$257,017, 2010 Environmental Infrastructure Fund Loan, due in semi-annual installments of \$4,590 to \$9,179 through August 1, 2029, interest free	95,979	109,746
\$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>40,609</u>	<u>45,254</u>
	<u>\$ 390,637</u>	<u>\$ 527,534</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2020 is as follows:

Calendar Year	General Capital		Water Utility		Sewer Utility		Parking Utility		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 4,427,901	\$ 1,413,896	\$ 1,152,897	\$ 433,686	\$ 361,351	\$ 95,724	\$ 175,000	\$ 134,550	\$ 8,195,005
2022	4,610,502	1,269,821	1,167,897	408,306	365,036	86,551	185,000	126,676	8,219,789
2023	4,687,515	1,108,660	1,212,897	380,332	248,914	73,748	185,000	118,350	8,015,416
2024	4,095,054	949,109	1,052,897	355,511	172,115	66,693	200,000	110,026	7,001,405
2025	3,674,356	799,706	1,067,897	329,836	163,575	60,384	210,000	101,025	6,406,779
2026-2030	18,101,964	2,189,458	5,554,485	1,316,427	705,344	219,517	1,185,000	305,775	29,577,970
2031-2035	2,932,000	116,060	5,844,486	814,099	650,000	107,900	850,000	127,800	11,442,345
2036-2040	-	-	4,850,849	295,106	390,000	23,400	-	-	5,559,355
2041	-	-	604,737	16,630	-	-	-	-	621,367
	<u>\$ 42,529,292</u>	<u>\$ 7,846,710</u>	<u>\$ 22,509,042</u>	<u>\$ 4,349,933</u>	<u>\$ 3,056,335</u>	<u>\$ 733,917</u>	<u>\$ 2,990,000</u>	<u>\$ 1,024,202</u>	<u>\$ 85,039,431</u>

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

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, 2020 and 2019, the Agency had outstanding \$1,615,000 and \$2,250,000, respectively, subject to the City guarantee.

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Debt Guarantees (Continued)

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, 2020 and 2019, the Agency had outstanding \$2,855,000 and \$3,175,000, respectively, subject to City guarantee.

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years ended December 31, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2020</u>	Due Within <u>One Year</u>
<u>2020</u>					
General Capital Fund:					
Bonds Payable	\$ 41,077,135	\$ 5,215,000	\$ 3,930,833	\$ 42,361,302	\$ 4,401,435
Intergovernmental Loans Payable:					
Green Acres Loans	<u>193,934</u>	<u>-</u>	<u>25,944</u>	<u>167,990</u>	<u>26,466</u>
General Capital Fund Long-Term Liabilities	<u>\$ 41,271,069</u>	<u>\$ 5,215,000</u>	<u>\$ 3,956,777</u>	<u>\$ 42,529,292</u>	<u>\$ 4,427,901</u>
Water Utility Capital Fund:					
Bonds Payable	\$ 9,469,000	\$ -	\$ 525,000	\$ 8,944,000	\$ 535,000
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>14,177,939</u>	<u>-</u>	<u>612,897</u>	<u>13,565,042</u>	<u>617,897</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 23,646,939</u>	<u>\$ -</u>	<u>\$ 1,137,897</u>	<u>\$ 22,509,042</u>	<u>\$ 1,152,897</u>
Sewer Utility Capital Fund:					
Bonds Payable	\$ 2,884,865	\$ -	\$ 219,167	\$ 2,665,698	\$ 218,565
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>527,534</u>	<u>-</u>	<u>136,897</u>	<u>390,637</u>	<u>142,786</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 3,412,399</u>	<u>\$ -</u>	<u>\$ 356,064</u>	<u>\$ 3,056,335</u>	<u>\$ 361,351</u>
Parking Utility Capital Fund:					
Bonds Payable	\$ 3,155,000	-	\$ 165,000	\$ 2,990,000	\$ 175,000
Parking Utility Capital Fund Long-Term Liabilities	<u>\$ 3,155,000</u>	<u>-</u>	<u>\$ 165,000</u>	<u>\$ 2,990,000</u>	<u>\$ 175,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	Balance, December 31 <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
General Capital Fund:					
Bonds Payable	\$ 40,802,463	\$ 3,875,000	\$ 3,600,328	\$ 41,077,135	\$ 3,930,833
Intergovernmental Loans Payable:					
Green Acres Loans	<u>219,367</u>	<u>-</u>	<u>25,433</u>	<u>193,934</u>	<u>25,944</u>
General Capital Fund Long-Term Liabilities	<u>\$ 41,021,830</u>	<u>\$ 3,875,000</u>	<u>\$ 3,625,761</u>	<u>\$ 41,271,069</u>	<u>\$ 3,956,777</u>
Water Utility Capital Fund:					
Bonds Payable	\$ 5,934,000	\$ 3,900,000	\$ 365,000	\$ 9,469,000	\$ 525,000
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>14,780,836</u>	<u>-</u>	<u>602,897</u>	<u>14,177,939</u>	<u>612,897</u>
Water Utility Capital Fund Long-Term Liabilities	<u>\$ 20,714,836</u>	<u>\$ 3,900,000</u>	<u>\$ 967,897</u>	<u>\$ 23,646,939</u>	<u>\$ 1,137,897</u>
Sewer Utility Capital Fund:					
Bonds Payable	\$ 739,537	\$ 2,275,000	\$ 129,672	\$ 2,884,865	\$ 219,167
Intergovernmental Loans Payable:					
NJ Environmental Infrastructure	<u>666,526</u>	<u>-</u>	<u>138,992</u>	<u>527,534</u>	<u>136,897</u>
Sewer Utility Capital Fund Long-Term Liabilities	<u>\$ 1,406,063</u>	<u>\$ 2,275,000</u>	<u>\$ 268,664</u>	<u>\$ 3,412,399</u>	<u>\$ 356,064</u>
Parking Utility Capital Fund:					
Bonds Payable	<u>\$ 3,335,000</u>	<u>-</u>	<u>\$ 180,000</u>	<u>\$ 3,155,000</u>	<u>\$ 165,000</u>
Parking Utility Capital Fund Long-Term Liabilities	<u>\$ 3,335,000</u>	<u>-</u>	<u>\$ 180,000</u>	<u>\$ 3,155,000</u>	<u>\$ 165,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2020 and 2019 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2019	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2020
<u>2020</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Various 2016 Capital Improvements	2.00%	7/28/2021	\$ 836,155		\$ 836,155	
Sidewalk and Roadway Improvements	2.00%	7/28/2021	190,476		190,476	
DPW, Fire and Police Equipment	2.00%	7/28/2021	1,632,622		1,632,622	
Madden Field Improvements	2.00%	7/28/2021	2,142,768	\$ 2,141,423	2,142,768	\$ 2,141,423
2018 Road Program	2.00%	7/28/2021	1,331,190		1,331,190	
Various 2018 Acquisitions and Improvements	2.00%	7/28/2021	1,635,712		1,635,712	
Improvements to Monroe Street	2.00%	7/28/2021	476,190	476,190	476,190	476,190
Various Road Improvements	2.00%	7/28/2021	1,662,500	1,662,500	1,662,500	1,662,500
Acquisition of Real Property	2.00%	7/28/2021	85,137	85,137	85,137	85,137
Acquisition of Fire Department Equipment	2.00%	7/28/2021	261,250	261,250	261,250	261,250
Aid to a Redevelopment Project	2.00%	7/28/2021		2,000,000		2,000,000
Purchase of Buses for Senior Citizen Transport	2.00%	7/28/2021		142,500		142,500
Various Capital Improvements	2.00%	7/28/2021	-	1,006,000	-	1,006,000
			<u>10,254,000</u>	<u>7,775,000</u>	<u>10,254,000</u>	<u>7,775,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2019	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2020
<u>2019</u>						
<u>Water Utility Capital Fund</u>						
<u>Purpose</u>						
Various Improvements to Water Treatment Plant	2.00%	7/28/2021		\$ 400,000		\$ 400,000
Various Acquisitions and Improvements	2.00%	7/28/2021	-	600,000	-	600,000
			-	1,000,000	-	1,000,000
 <u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>	Rate (%)	Maturity Date	Balance, December 31, 2019	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2020
Kline/Madison Sewer Improvements	2.00%	7/28/2021		\$ 200,000		\$ 200,000
Various Sewer Utility Improvements	2.00%	7/28/2021		798,000		798,000
Repair of Sink Holes	2.00%	7/28/2021	-	500,000	-	500,000
			-	1,498,000	-	1,498,000
 <u>Parking Utility Capital Fund</u>						
<u>Purpose</u>	Rate (%)	Maturity Date	Balance, December 31, 2019	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2020
Various Parking Utility Capital Acquisitions and Improvements	2.00%	7/28/2021	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
			750,000	750,000	750,000	750,000
Total Bond Anticipation Notes			\$ 11,004,000	\$ 11,023,000	\$ 11,004,000	\$ 11,023,000

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, <u>2018</u>	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, <u>2019</u>
<u>2019</u>						
<u>General Capital Fund</u>						
<u>Purpose</u>						
Acquisition and Installation of						
Police Body Cameras	3.00%	7/30/2019	\$ 94,430		\$ 94,430	
2015 Road Improvements	3.00%	7/30/2019	551,595		551,595	
Various 2015 Improvements	3.00%	7/30/2019	904,760		904,760	
Improvements to Crosswalk - East						
Milton and Lenox	3.00%	7/30/2019	47,500		47,500	
Environmental Remediation - Various	3.00%	7/30/2019	214,285		214,285	
Basketball and Tennis Court Renovations	3.00%	7/30/2019	104,000		104,000	
2016 Road Reconstruction and Resurfacing	3.00%	7/30/2019	694,175		694,175	
Various 2016 Capital Improvements	3.00%	7/30/2020	952,232	\$ 836,155	952,232	\$ 836,155
2017 Road Program	3.00%	7/30/2019	1,125,476		1,125,476	
Sidewalk and Roadway Improvements	3.00%	7/30/2020		190,476		190,476
DPW, Fire and Police Equipment	3.00%	7/30/2020		1,632,622		1,632,622
Madden Field Improvements	3.00%	7/30/2020		2,142,768		2,142,768
2018 Road Program	3.00%	7/30/2020		1,331,190		1,331,190
Various 2018 Acquisitions and Improvements	3.00%	7/30/2020		1,635,712		1,635,712
Improvements to Monroe Street	3.00%	7/30/2020		476,190		476,190
Various Road Improvements	3.00%	7/30/2020		1,662,500		1,662,500
Acquisition of Real Property	3.00%	7/30/2020		85,137		85,137
Acquisition of Fire Department Equipment	3.00%	7/30/2020	-	261,250	-	261,250
			<u>4,688,453</u>	<u>10,254,000</u>	<u>4,688,453</u>	<u>10,254,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2018	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2019
2019						
<u>Water Utility Capital Fund</u>						
<u>Purpose</u>						
Various Water Improvements	4.00%	8/1/2019	\$ 2,715,074		\$ 2,715,074	
Monroe St. Bridge Water Improvements	4.00%	8/1/2019	140,505		140,505	
Replace Water Main - Hamilton St.	4.00%	8/1/2019	1,208,307	-	1,208,307	-
			<u>4,063,886</u>	<u>-</u>	<u>4,063,886</u>	<u>-</u>
<u>Sewer Utility Capital Fund</u>						
<u>Purpose</u>						
Sewer System Improvements	4.00%	8/1/2019	\$ 341,489		\$ 341,489	
Impvts. To Donald Avenue Storm Sewer	4.00%	8/1/2019	123,046		123,046	
Emergency Sinkhole Repair	4.00%	8/1/2019	479,486		479,486	
Flood Control Mitigation	4.00%	8/1/2019	284,614		284,614	
Storm Sewer - Kline Place	4.00%	8/1/2019	341,026		341,026	
Inflow & Infiltration (Phase III)	4.00%	8/1/2019	425,000		425,000	
Witherspoon St. Outfall & Monroe St. Sewer Lines	4.00%	8/1/2019	325,000	-	325,000	-
			<u>2,319,661</u>	<u>-</u>	<u>2,319,661</u>	<u>-</u>
<u>Parking Utility Capital Fund</u>						
<u>Purpose</u>						
Various Parking Utility Capital Acquisitions and Improvements	3.00%	7/30/2020	-	\$ 750,000	-	\$ 750,000
			<u>-</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Total Bond Anticipation Notes			<u>\$ 11,072,000</u>	<u>\$ 11,004,000</u>	<u>\$ 11,072,000</u>	<u>\$ 11,004,000</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.

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

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>2020</u>		
Water Treatment Plant Filtration Improvements	\$232,795	2021
2019 Road Resurfacing Project	208,908	2021
Madden Field Sports Lighting	508,168	2021
2020 Sidewalk Improvements	142,300	2021
Road Resurfacing Projects – DOT	515,331	2021
Road Resurfacing Projects – CDBG	363,442	2021
<u>2019</u>		
2019 Road Improvement Program	\$902,551	2020
Madden Field Improvements	1,408,302	2020
Madden Field Sports Lighting	543,468	2020

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.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$7,988,481 and \$8,099,127 at December 31, 2020 and 2019, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2020 and 2019, the City has reserved in the Other Trust Fund \$981,318 and \$631,318, respectively, 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, 2020 and 2019 is \$788,126 and \$972,420, respectively.

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

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation (Continued)

During the years ended December 31, 2020, 2019 and 2018 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>
2020	\$ 34,608	\$ 206,016
2019	34,330	204,983
2018	34,139	204,066

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, 2020 and 2019 were as follows:

	Balance, December 31, <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2020</u>					
Compensated Absences	\$ 8,099,127		\$ 110,646	\$ 7,988,481	
Deferred Pension Obligation	972,420	\$ 20,330	204,624	788,126	\$ 240,920
Net Pension Liability - PERS	16,515,375		254,120	16,261,255	
Net Pension Liability - PFRS	44,077,190	678,571		44,755,761	
Net OPEB Liability (1)	37,913,557	-	-	37,913,557	-
Total Other Long-Term Liabilities	<u>\$ 107,577,669</u>	<u>\$ 698,901</u>	<u>\$ 569,390</u>	<u>\$ 107,707,180</u>	<u>\$ 240,920</u>

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

	Balance, December 31, <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2019</u>	Due Within <u>One Year</u>
<u>2019</u>					
Compensated Absences	\$ 7,261,949	\$ 837,178		\$ 8,099,127	
Deferred Pension Obligation	1,143,221	68,512	239,313	972,420	\$ 240,624
Net Pension Liability - PERS	18,391,949		1,876,574	16,515,375	
Net Pension Liability - PFRS	49,883,095		5,805,905	44,077,190	
Net OPEB Liability	45,987,791	-	8,074,234	37,913,557	-
Total Other Long-Term Liabilities	<u>\$ 122,668,005</u>	<u>\$ 905,690</u>	<u>\$ 15,996,026</u>	<u>\$ 107,577,669</u>	<u>\$ 240,624</u>

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

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 single-employer defined benefit plan. For additional information about CPFPPF, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) 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) Comprehensive Annual Financial Report (CAFR) 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:

Tier	Definition
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

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) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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, except for medical benefits, which, if applicable, vest after 25 years of service or under the disability provisions of PERS.

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 and do not earn the minimum salary required or do not work the minimum required hours 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.

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.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds (Continued)

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, 2020 AND 2019**

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, 2020 and 2019 is \$16.4 billion and \$18.1 billion, respectively, and the plan fiduciary net position as a percentage of the total pension liability is 58.32% and 56.27%, respectively. The collective net pension liability of the participating employers for local PFRS at June 30, 2020 and 2019 is \$14.9 billion and \$14.2 billion, respectively and the plan fiduciary net position as a percentage of total pension liability is 63.52% and 65.00%, respectively.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 and 2018 which were rolled forward to June 30, 2020 and 2019, respectively.

Actuarial Methods and Assumptions

In the July 1, 2019 and 2018 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 2020 and 2019 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, 2020 and 2019 for CPFPPF, 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 2020, 2019 and 2018 were equal to the required contributions.

During the years ended December 31, 2020, 2019 and 2018, 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>CPFPPF</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2020	\$ 17,955	\$ 3,638,135	\$ 891,567	\$ 16,826
2019	17,955	3,604,001	929,127	18,332
2018	17,955	3,370,537	853,057	14,267

In addition, for the years ended December 31, 2020, 2019 and 2018, the City contributed \$2,876, \$3,047 and \$8,396, respectively for long-term disability insurance premiums (LTDI) for PERS.

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

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. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the fiscal years ended June 30, 2020 and 2019. Employer allocation percentages have been rounded for presentation purposes.

Public Employees Retirement System (PERS)

At December 31, 2020 and 2019, the City reported a liability of \$16,261,255 and \$16,515,375, respectively, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. 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, 2020, the City's proportionate share was .09971 percent, which was an increase of .00806 percent from its proportionate share measured as of June 30, 2019 of .09165 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the City's pension expense to be \$766,982 and \$803,463, respectively, for PERS based on the actuarial valuation which are less than the actual contributions reported in the City's financial statements of \$891,567 and \$929,127, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 296,091	\$ 57,507	\$ 296,429	\$ 72,958
Changes of Assumptions	527,534	6,808,741	1,649,121	5,732,434
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	555,823			260,702
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>1,719,645</u>	<u>409,006</u>	<u>547,394</u>	<u>672,766</u>
Total	<u>\$ 3,099,093</u>	<u>\$ 7,275,254</u>	<u>\$ 2,492,944</u>	<u>\$ 6,738,860</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

At December 31, 2020 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>
2021	\$ (1,651,234)
2022	(1,552,920)
2023	(764,473)
2024	(160,012)
2025	(47,522)
Thereafter	<u>-</u>
	<u>\$ (4,176,161)</u>

Actuarial Assumptions

The City's total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020 and 2019</u>
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%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

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

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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)

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.28%

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2057
Municipal Bond Rate *	Not Applicable	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. 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.

Sensitivity of Net Pension Liability

The following presents the City's proportionate share of the PERS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.28%, respectively, 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% and 5.28%), respectively or 1-percentage-point higher (8.00% and 7.28%), respectively than the current rate:

<u>2020</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>20,470,207</u>	\$ <u>16,261,255</u>	\$ <u>12,689,844</u>
<u>2019</u>	<u>1% Decrease (5.28%)</u>	<u>Current Discount Rate (6.28%)</u>	<u>1% Increase (7.28%)</u>
City's Proportionate Share of the PERS Net Pension Liability	\$ <u>20,861,602</u>	\$ <u>16,515,375</u>	\$ <u>12,853,063</u>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the City's net pension liability was not provided by the pension system.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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, 2020 and 2019, the City reported a liability of \$44,755,761 and \$44,077,190, respectively, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 and 2018, respectively. 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, 2020, the City's proportionate share was .34637 percent, which was a decrease of .0138 percent from its proportionate share measured as of June 30, 2019 of .36017 percent.

For the years ended December 31, 2020 and 2019, the pension system has determined the City pension expense to be \$1,460,558 and \$3,141,475, respectively, for PFRS based on the actuarial valuation which are less than the actual contributions reported in the City's financial statements of \$3,638,135 and \$3,604,001, respectively. At December 31, 2020 and 2019, 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:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 451,214	\$ 160,623	\$ 372,068	\$ 279,061
Changes of Assumptions	112,628	11,998,752	1,510,325	14,245,344
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,624,240			597,232
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	3,846,432	226,217	2,925,342
Total	<u>\$ 3,188,082</u>	<u>\$ 16,005,807</u>	<u>\$ 2,108,610</u>	<u>\$ 18,046,979</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

At December 31, 2020 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 December 31,	Total
2021	\$ (5,525,584)
2022	(3,848,371)
2023	(1,898,893)
2024	(906,606)
2025	(638,271)
Thereafter	-
	<u>\$ (12,817,725)</u>

Actuarial Assumptions

The City’s total pension liability reported for the year ended December 31, 2020 was based on the June 30, 2020 measurement date as determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020 and 2019</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through	All Future Years 3.25%-15.25% Based on Years of Service
Thereafter	Not Applicable
Investment Rate of Return	7.00%
Mortality Rate Table	Pub - 2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP for 2020 and 2019.

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

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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, 2020 and 2019, as reported for the years ended December 31, 2020 and 2019, respectively, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>		<u>2019</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%	3.00%	4.67%
Cash Equivalents	4.00%	0.50%	5.00%	2.00%
U.S. Treasuries	5.00%	1.94%	5.00%	2.68%
Investment Grade Credit	8.00%	2.67%	10.00%	4.25%
US Equity	27.00%	7.71%	28.00%	8.26%
Non-US Developed Markets Equity	13.50%	8.57%	12.50%	9.00%
Emerging Markets Equity	5.50%	10.23%	6.50%	11.37%
High Yield	2.00%	5.95%	2.00%	5.37%
Real Assets	3.00%	9.73%	2.50%	9.31%
Private Credit	8.00%	7.59%	6.00%	7.92%
Real Estate	8.00%	9.56%	7.50%	8.33%
Private Equity	13.00%	11.42%	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liabilities of the PFRS plan was as follows:

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2020	7.00%
2019	June 30, 2019	6.85%

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PFRS defined benefit plan:

	<u>2020</u>	<u>2019</u>
Period of Projected Benefit Payments for which the Following Rates were Applied:		
Long-Term Expected Rate of Return	All Periods	Through June 30, 2076
Municipal Bond Rate *	Not Applicable	From July 1, 2076 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement dates of June 30, 2019. 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.

Sensitivity of Net Pension Liability

The following presents the City’s proportionate share of the PFRS net pension liability as of December 31, 2020 and 2019 calculated using the discount rate of 7.00% and 6.85%, respectively, 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% and 5.85%), respectively or 1-percentage-point higher (8.00% and 7.85%), respectively than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the PFRS Net Pension Liability	\$ 59,515,950	\$ 44,755,761	\$ 32,496,296
	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
<u>2019</u>			
City's Proportionate Share of the PFRS Net Pension Liability	\$ 59,576,299	\$ 44,077,190	\$ 31,249,444

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at December 31, 2020 and 2019. A sensitivity analysis specific to the City’s net pension liability was not provided by the pension system.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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, 2020 and 2019, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$6,945,890 and \$6,959,872, respectively. For the years ended December 31, 2020 and 2019, 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 \$787,178 and \$808,680, respectively, which are more than the actual contributions the State made on behalf of the City of \$534,482 and \$468,951, respectively. At December 31, 2020 (measurement date June 30, 2020) the State's share of the PFRS net pension liability attributable to the City was .34637 percent, which was a decrease of .0138 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2019) of .36017 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 www.state.nj.us/treasury/pensions.

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.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Plan Description and Benefits Provided (Continued)

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. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) 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, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

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, 2020 was not available and for 2019 is \$13.5 billion and the plan fiduciary net position as a percentage of the total OPEB liability is 1.98% at June 30, 2019.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which was rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the June 30, 2018 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.

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 \$346.4 and the State of New Jersey, as the non-employer contributing entity, contributed \$43.9 million for fiscal year 2019.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

Post-Retirement Medical Benefits Contribution (Continued)

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, 2020, 2019 and 2018 were \$2,320,702, \$2,320,242 and \$3,566,730, respectively, which equaled the required contributions for each year (or were not available). In addition, the City's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2020, 2019 and 2018 were \$86,956, \$80,386 and \$149,170, 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, 2020 for the measurement date of June 30, 2020 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2021-10 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, 2020 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, 2019. Employer allocation percentages have been rounded for presentation purposes.

At December 31, 2019, the City reported a liability of \$37,913,557 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. 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, 2019 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2019. As of the measurement date of June 30, 2019 the City's proportionate share was .27988 percent, which was a decrease of .01366 percent from its proportionate share measured as of June 30, 2018 of .29354 percent.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2019, the Plan has determined the City's OPEB expense (benefit) to be \$(983,916), based on the actuarial valuations which is less than the actual contributions reported in the City's financial statements of \$2,320,242. At December 31, 2019, 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>2019</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience		\$ 11,087,402
Changes of Assumptions		13,435,721
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	\$ 31,230	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	50,213,577	45,173,360
Contributions made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total	<u>\$ 50,244,807</u>	<u>\$ 69,696,483</u>

At December 31, 2019, 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>
2020	\$ (2,997,863)
2021	(2,997,863)
2022	(2,997,864)
2023	(3,003,940)
2024	(3,007,190)
Thereafter	<u>(4,446,956)</u>
	<u>\$ (19,451,676)</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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)**

Actuarial Assumptions

The City's total OPEB liability reported for the year ended December 31, 2019 was based on the June 30, 2019 measurement date as determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2019</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%
Rate Thereafter	Not Applicable
Mortality	
PERS	Pub-2010 General Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
PFRS	Pub-2010 Safety Classification Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and for 2019 the members years of service.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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)

Actuarial Assumptions (Continued)

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

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

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Calendar Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2019	3.50%

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the City's proportionate share of the OPEB net liability as of December 31, 2019 calculated using the discount rate of 3.50% 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 (2.50%) or 1-percentage-point higher (4.50%) than the current rate:

<u>2019</u>	<u>1% Decrease (2.50%)</u>	<u>Current Discount Rate (3.50%)</u>	<u>1% Increase (4.50%)</u>
City's Proportionate Share of the Net OPEB Liability	\$ 43,837,717	\$ 37,913,557	\$ 33,099,394

The sensitivity analysis was based on the proportionate share of the City's net OPEB liability at December 31, 2019. A sensitivity analysis specific to the City's net OPEB liability was not provided by the Plan.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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)

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

The following presents the City’s proportionate share of the OPEB net liability as of December 31, 2019 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>2019</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>\$ 31,994,370</u>	<u>\$ 37,913,557</u>	<u>\$ 45,464,477</u>

The sensitivity analysis was based on the proportionate share of the City’s net OPEB liability at December 31, 2019. 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 or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989. 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.

At December 31, 2019, the State’s proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$22,612,954. For the year ended December 31, 2019 the plan has determined the State’s proportionate share of the OPEB expense attributable to the City for the OPEB special funding situation is \$299,740. At December 31, 2019, (measurement date June 30, 2019), the State’s share of the OPEB liability attributable to the City was .40923 percent, which was a decrease of .02714 percent from its proportionate share measured as of December 31, 2018 (measurement date June 30, 2018) of .43637 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.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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)

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.

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</u> <u>December 31,</u>	<u>City</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020	\$ 52,882	\$ 19,248	\$ 101,319	\$ 36,027
2019		55,443	61,476	65,216
2018		14,954	44,727	71,249

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

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, 2020 and 2019. 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, 2020 and 2019, the City reserved \$749,659 and \$249,659, 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, 2020 and 2019, 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, 2020 and 2019, the City had no estimated arbitrage earnings due to the IRS.

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.

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

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2020 and 2019, 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, 2020 and 2019 the City abated property taxes totaling \$3,709,840 and \$4,243,781, respectively under the LTTE program. The City received \$1,492,554 and \$1,515,159 in PILOT payments under this program for the years ended December 31, 2020 and 2019, respectively.

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, which was first discovered in China and has since spread to other countries, including the United States (and to the City) (the “COVID-19 Pandemic”). 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 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 in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 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. Recently, the United States Congress has passed relief and stimulus legislation including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. It is too early to predict if the legislation will have its intended affect.

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

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

In compliance with the Governor’s executive orders, the City has instituted necessary precautions and procedures, so as to allow the City to continue to provide services during this time. The City is functioning administratively, and its departments continue to operate both remotely and on-site, where safe and practicable. The City will continue to collect property taxes and other municipal revenues. Because of the evolving nature of the outbreak and federal, state and local responses thereto, the City cannot predict how the outbreak will impact the financial condition or operations of the City, or if there will be any impact on the assessed values of property within the City or deferral of tax payments to municipalities. The City cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. At this time, it is not possible to predict any future financial impacts as a result of this pandemic on the City’s operations; however, such amounts, if any, could be material.

NOTE 20 RESTATEMENT

The December 31, 2019 balances of the general fixed assets account group has been restated due to the City obtaining an updated capital asset appraisal report.

	<u>Balance Prior to Restatement</u>	<u>Adjustment</u>	<u>Balance Subsequent to Restatement</u>
Assets			
Land	\$ 15,993,700	\$ (2,068,100)	\$ 13,925,600
Buildings and Building Improvements	39,540,940	20,832,059	18,708,881
Machinery and Equipment	11,213,470	1,815,760	13,029,230
Liabilities and Reserves			
Investments in General Fixed Assets	66,748,110	(21,084,399)	45,663,711

NOTE 21 SUBSEQUENT EVENTS

Bond Anticipation Notes

On July 28, 2021, the City issued Bond Anticipation Notes in the amount of \$17,360,000 to temporarily finance expenditures related to various capital projects. The City awarded the sale of said notes to TD Securities, at an interest rate of 1.00%. These notes, dated July 28, 2021 will mature on July 28, 2022.

Debt Authorized

During 2021, the City adopted bond ordinances authorizing the issuance of \$7,343,000 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, 2019		\$ 18,204,138
Increased by:		
Taxes Receivable	\$ 99,049,909	
Tax Title Liens	2,139	
Revenue Accounts Receivable	11,506,153	
Prepaid Taxes	518,985	
Tax Overpayments	11,082	
Grants Receivable	635,545	
Non Budget Revenue	339,701	
Due from State-Senior and Veterans Deductions	147,059	
Other Liabilities	561,560	
Other Trust Fund Receipts Deposited in Current Fund	726,957	
General Capital Fund Receipts Deposited in Current Fund	704,294	
Receipts from Animal Control Trust Fund	40	
Receipts from CDBG Trust Fund	59,285	
Receipts from Self Insurance Trust Fund	5,160	
Receipts from Water Utility Operating Fund	2,590,528	
Receipts from Sewer Utility Operating Fund	3,787,000	
Receipts from Sewer Utility Capital Fund	1,310,671	
Receipts from Parking Utility Operating Fund	1,119,598	
Receipts from Parking Utility Capital Fund	192,186	
Unappropriated Reserves for Grants	<u>105,422</u>	
		<u>123,373,274</u>
		141,577,412
Decreased by:		
2020 Budget Appropriations	49,950,487	
2019 Appropriation Reserves	161,105	
Encumbrances Payable	1,190,553	
County Taxes	15,099,599	
County Added Taxes	35,598	
Local District School Taxes	46,169,711	
Special Improvement District Taxes	425,930	
Appropriated Reserves for Grants	1,507,001	
Tax Overpayments	18,750	
Payments to Rahway Redevelopment Agency	948,867	
Refund of Prior Year Revenue	142,588	
Payments to Other Trust Fund	3,808,214	
Payments to General Capital Fund	<u>237,178</u>	
		<u>119,695,581</u>
Balance, December 31, 2020		<u>\$ 21,881,831</u>

**CITY OF RAHWAY
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2019</u>	Balance, December 31, <u>2020</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>2019</u>	2020 Revenue <u>Realized</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2020</u>
Anti-Gang Strategies	\$ 234,191			\$ 234,191
Drug Free Communities	248,699			248,699
Justice Grant	4,425			4,425
Level Playingfield Grant	25,470			25,470
CARES Act 2020		\$ 2,700,000	\$ 594,985	2,105,015
NJACCHO		30,560	30,560	
NJ Crime Stats Exchange		20,000		20,000
Grahill Charitable Trust	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
	<u>\$ 512,785</u>	<u>\$ 2,760,560</u>	<u>\$ 635,545</u>	<u>\$ 2,637,800</u>
		Grants Receivable		\$ 532,785
		CARES Act Receivable		<u>2,105,015</u>
				<u>\$ 2,637,800</u>

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

Balance, December 31, 2019		\$ 69,852
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$ 142,500	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector -2019 Taxes	<u>5,000</u>	
		<u>147,500</u>
		217,352
Decreased by:		
Cash Receipts	147,059	
Senior Citizen and Veteran Deductions Disallowed by Tax Collector	<u>575</u>	
		<u>147,634</u>
Balance, December 31, 2020		<u>\$ 69,718</u>

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

Year	Balance, December 31, 2019	2020 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, 2020
					2019	2020				
2018	\$ 12,334					\$ 12,334				
2019	1,636,128	-	\$ 55,656	-	-	1,339,664	\$ 5,000	\$ 22,330	-	\$ 324,790
	1,648,462	-	55,656	-	-	1,351,998	5,000	22,330	-	324,790
2020	-	\$ 99,680,722	294,839	\$ 575	\$ 357,424	97,697,911	142,500	61,943	\$ 59,405	1,656,953
	<u>\$ 1,648,462</u>	<u>\$ 99,680,722</u>	<u>\$ 350,495</u>	<u>\$ 575</u>	<u>\$ 357,424</u>	<u>\$ 99,049,909</u>	<u>\$ 147,500</u>	<u>\$ 84,273</u>	<u>\$ 59,405</u>	<u>\$ 1,981,743</u>

Analysis of 2020 Tax Levy

Tax Yield	
General Purpose Tax	\$ 99,429,263
Special Improvement District Tax	251,459
Added Taxes (54:4-63.1 et seq.)	<u>294,839</u>
	<u>\$ 99,975,561</u>
Tax Levy	
Special Improvement District Tax	\$ 250,000
Local District School Tax (Abstract)	45,342,308
County Tax	\$ 14,649,770
County Open Space	449,829
County Share of Added Taxes	<u>44,602</u>
	15,144,201
Local Tax for Municipal Purposes	37,995,062
Minimum Library Tax	988,596
Additional Tax Levied	<u>255,394</u>
	<u>39,239,052</u>
	<u>\$ 99,975,561</u>

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

Balance, December 31, 2019	\$ 427,083
Increased by:	
Transfers from Current Taxes Receivable	<u>59,405</u>
	486,488
Decreased by:	
Redemptions	<u>2,139</u>
Balance, December 31, 2020	<u>\$ 484,349</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2019	<u>\$ 2,664,500</u>
Balance, December 31, 2020	<u>\$ 2,664,500</u>

CITY OF RAHWAY
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2019</u>	Accrued in 2020	Collected	Balance, December 31, <u>2020</u>
Licenses				
Alcoholic Beverages		\$ 54,660	\$ 54,660	
Other		5,455	5,455	
Fees and Permits		96,220	96,220	
Municipal Court				
Fines and Costs	\$ 69,057	328,456	381,561	\$ 15,952
Interest and Costs on Taxes		272,344	272,344	
Interest on Investments		62,669	62,669	
Police Department Fees		71,688	71,688	
Payments in Lieu of Taxes				
Lower Essex St. - Denholtz Management		527,178	527,178	
Rahway Parking Authority				
Rosegate		14,002	14,002	
Housing Authority				
Senior Citizen Housing		333,482	333,482	
Meyers Senior Residence		29,143	29,143	
Metro		157,015	157,015	
Waters Edge		182,494	182,494	
Lafayette		249,240	249,240	
Comcast Cable Franchise Fee		88,565	88,565	
Cellular Phone Tower Fees		445,258	445,258	
Vacant/Foreclosure House Registration		313,485	313,485	
Police Security - Administrative Fees		279,097	279,097	
Planning Board Application Fees		7,015	7,015	
Street Opening Permits		58,960	58,960	
Motor Vehicle Fines		2,250	2,250	
Uniform Construction Code Penalties		13,670	13,670	
Uniform Construction Code Fees		675,031	675,031	
Energy Receipts Taxes		3,602,832	3,602,832	
Consolidated Municipal Property Tax Relief Aid		406,141	406,141	
U.C.U.A. Host Community Fees		2,781,199	2,781,199	
Berkeley Heights Health Services Contract				
Solid Waste Fees				
Rahway Housing Authority		37,000	37,000	
Rahway Board of Education		6,821	6,821	
Bulky Waste Fees				
Kenilworth		95,470	95,470	
Outside Health Services				
Scotch Plains		70,000	70,000	
Hillside		12,624	12,624	
Winfield		8,282	8,282	
Hotel Fees	-	165,302	165,302	-
	<u>\$ 69,057</u>	<u>\$ 11,453,048</u>	<u>\$ 11,506,153</u>	<u>\$ 15,952</u>

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

Balance, December 31, 2019	\$ 40,962
Increased by:	
Liens Issued	<u>590</u>
Balance, December 31, 2020	<u>\$ 41,552</u>

STATEMENT OF DUE FROM/TO RAHWAY REDEVELOPMENT AGENCY

Balance, December 31, 2019 (Due from)	\$ 27,583
Increased by:	
Payments to Redevelopment Agency	<u>948,867</u>
	976,450
Decreased by:	
Budget Appropriation - Capital Grant Agreement	<u>1,142,917</u>
Balance, December 31, 2020 (Due to)	<u>\$ 166,467</u>

**CITY OF RAHWAY
STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance December 31, <u>2019</u>	Cancelled Encumbrances <u>Payable</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
General Government					
Department of Administration					
Salaries and Wages	\$ 976		\$ 5,076	\$ 5,000	\$ 76
Other Expenses	9,816		9,816	8,865	951
Municipal Council					
Salaries and Wages	5,894		5,894	5,000	894
Other Expenses	497		497		497
Environmental Commission					
Salaries and Wages	107		107		107
Other Expenses	156		156		156
City Clerk					
Salaries and Wages	17,135		17,135	17,000	135
Other Expenses	131		131		131
Department of Revenue and Finance					
Other Expenses	25,162		62,412	37,733	24,679
Department of Assessment					
Salaries and Wages	6,692		6,692	6,000	692
Other Expenses	18,339		18,339	1,345	16,994
Department of Law					
Salaries and Wages	1,210		1,210		1,210
Other Expenses	72,528		72,528	3,159	69,369
Municipal Court					
Salaries and Wages	11,071		11,071	10,000	1,071
Other Expenses	5,172	\$ 3,703	8,875		8,875
Division of Engineering					
Salaries and Wages	6,003		6,003	6,000	3
Other Expenses	187,277		187,277	83,887	103,390
Department of Building, Planning & Economic Development					
Salaries and Wages	40,421		40,421	40,000	421
Other Expenses	5,311		5,311		5,311
Planning Board					
Salaries and Wages	89	173	262		262
Other Expenses	24		24		24
Board of Adjustment					
Salaries and Wages	37		37		37
Other Expenses	116	17	133		133
Municipal A.B.C. Board					
Salaries and Wages	1,001		1,001		1,001
Other Expenses	66		66		66
Insurance					
Other Insurance	3,190		3,190	3,035	155
Employee Group Insurance	78,891	38,444	46,285		46,285
Police Department					
Salaries and Wages	45,210		45,210	40,000	5,210
Other Expenses	32,763		32,763	9,877	22,886
Office of Emergency Management					
Salaries and Wages	13,193		13,193	13,000	193
Other Expenses	1,269	101	1,370		1,370
Fire Department					
Salaries and Wages	65,582		65,582	60,000	5,582
Other Expenses	9	1,331	1,440		1,440

**CITY OF RAHWAY
STATEMENT OF 2019 APPROPRIATION RESERVES**

	Balance December 31, <u>2019</u>	Cancelled Encumbrances <u>Payable</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Department of Public Works					
Salaries and Wages	\$ 140,949		\$ 140,949	\$ 140,000	\$ 949
Other Expenses	229,994		229,994	222,626	7,368
Solid Waste and Recycling					
Other Expenses	140,812	\$ 5,809	146,621		146,621
Department of Health and Welfare					
Salaries and Wages	8,652		8,652		8,652
Other Expenses	378		10,378	9,127	1,251
Community Services - Senior Services					
Salaries and Wages	2,472		2,472		2,472
Other Expenses	683	89	772		772
Recreation Department					
Salaries and Wages	405		9,005	9,000	5
Other Expenses	119	9,383	9,502		9,502
Revenue Administration					
Salaries and Wages	3,699		3,699		3,699
Other Expenses	8,716		8,716	8,704	12
Uniform Construction Code Enforcement					
Salaries and Wages	13,596		13,596	13,000	596
Other Expenses	21,304		21,304		21,304
Unclassified					
Electricity	34,507		34,507	17,185	17,322
Heating Fuels	52,726		52,726	24,142	28,584
Telephone	18,943		18,943	16,187	2,756
Street Lighting	115,228		115,228	78,529	36,699
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	267		267		267
Pension Adjustment Fund	45		45		45
DCRP	1,168		1,168		1,168
Police Dispatch 9-1-1 System					
Salaries and Wages	77		77		77
Other Expenses	24,783	-	35,783	1,088	34,695
Total	<u>\$ 1,474,861</u>	<u>\$ 59,050</u>	<u>\$ 1,533,911</u>	<u>889,489</u>	<u>\$ 644,422</u>
			Cash Disbursements	\$ 161,105	
			Due to Other Trust Fund	530,000	
			Accounts Payable	198,384	
				<u>\$ 889,489</u>	

**CITY OF RAHWAY
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2019		\$ 1,439,974
Increased by:		
Charged to 2020 Budget Appropriations	\$ 1,216,357	
Charged to Appropriated Grant Reserves	<u>93,478</u>	
		<u>1,309,835</u>
		2,749,809
Decreased by:		
Cash Disbursements	1,190,553	
Cancelled to Appropriation Reserves	<u>59,050</u>	
		<u>1,249,603</u>
Balance, December 31, 2020		<u>\$ 1,500,206</u>
	2020 Budget Appropriations	\$ 1,216,357
	Appropriated Grant Reserves	<u>283,849</u>
		<u>\$ 1,500,206</u>

EXHIBIT A-16

STATEMENT OF ACCOUNTS PAYABLE

Increased by:		
Transferred from Appropriation Reserves		<u>\$ 198,384</u>
Balance, December 31, 2020		<u>\$ 198,384</u>

EXHIBIT A-17

STATEMENT OF OTHER LIABILITIES

Increased by:		
Cash Receipts		<u>\$ 561,560</u>
Balance, December 31, 2020		<u>\$ 561,560</u>

**CITY OF RAHWAY
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2019	\$ 18,750
Increased by:	
Tax Overpayments	<u>11,082</u>
	29,832
Decreased by:	
Cash Disbursements	<u>18,750</u>
Balance, December 31, 2020	<u>\$ 11,082</u>

STATEMENT OF PREPAID TAXES

Balance, December 31, 2019	\$ 357,424
Increased by:	
Collection of 2021 Taxes	<u>518,985</u>
	876,409
Decreased by:	
Applied to 2020 Taxes	<u>357,424</u>
Balance, December 31, 2020	<u>\$ 518,985</u>

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

	Balance, December 31, <u>2019</u>	Increased by <u>Receipts</u>	Decreased by: Budgeted <u>Revenue</u>	Balance, December 31, <u>2020</u>
Multiple Housing Inspection	\$ 10,683	\$ 7,328	\$ 10,683	\$ 7,328
Police Body Armor Grant		6,795		6,795
Recycling Tonnage Grant		16,338		16,338
Thomas Grahill Trust		10,000		10,000
Clean Communities	53,062	47,846	53,062	47,846
Green the Streets	3,000	4,500	3,000	4,500
Union County Recreation Grant	37,500		37,500	
CLEP Grant	3,750	7,000	3,750	7,000
Municipal Alliance	4,615		4,615	
Emergency Management	5,470		5,470	
Drunk Driving Enforcement Fund	21,590		21,590	
Motor Vehicles	3,000		3,000	
NJ County Health Grant	-	5,615	-	5,615
	<u>\$ 142,670</u>	<u>\$ 105,422</u>	<u>\$ 142,670</u>	<u>\$ 105,422</u>

CITY OF RAHWAY
STATEMENT OF APPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2019</u>	Transferred from 2020 Budget <u>Appropriations</u>	<u>Expended</u>	Balance, December 31, <u>2020</u>
Multiple Housing Inspections	\$ 47,295	\$ 10,683		\$ 57,978
Clean Communities	152,568	53,062	\$ 1,080	204,550
NJ Crime Stats Exch Asst		20,000	20,000	
Senior Services	13,295			13,295
Drunk Driving Enforcement Fund	14,611	21,590		36,201
Body Armor Grant	6,720			6,720
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	17,806	4,615	11,490	10,931
Recycling Tonnage Grant	33,678		9,632	24,046
NJ Justice Assistance	4,425		4,425	
Safe and Secure Communities	113,305		2,950	110,355
Blue Acres	8,684			8,684
Emergency Management Grant	13,242	5,470		18,712
NJACCO COVID		30,560	12,774	17,786
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	5,128			5,128
Level Playingfield Grant	25,470		25,470	
Recreation History Grant	375			375
County PDA Grant	345			345
Grahill Charitable Trust	3,681	10,000	1	13,680
NY/NJ Snowflake Youth	5,118			5,118
Drug Free Communities	280,859		53,945	226,914
Anti Gang Strategies	75,878			75,878
Smart Growth Program	8,000			8,000
Green the Streets	99,733	3,000	3,000	99,733
Statewide Livable Communities - Library	72,396			72,396
Local Domestic Preparedness	2,630			2,630
Union County Recreation Grant	61,079	37,500		98,579
Kids Recreation Grant	128,839		60,700	68,139
Pandemic Influenza Grant	9,094			9,094
Child Passenger Safety Grant	2,375			2,375
NJ DOT Highway Safety	94,684		52,924	41,760
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
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			8,006
Byrne Justice Grant	21,217		18,895	2,322
CARES Act 2020		2,700,000	1,299,279	1,400,721
State Forestry Services	6,000			6,000
UC Police Body Cameras	23,914		23,914	
Motor Vehicles		3,000		3,000
CLEP Grant		3,750		3,750
Matching Funds for Grants	14,268	-	-	14,268
	<u>\$ 1,827,746</u>	<u>\$ 2,903,230</u>	<u>\$ 1,600,479</u>	<u>\$ 3,130,497</u>
		Cash Disbursements	\$ 1,507,001	
		Encumbrances Payable	<u>93,478</u>	
			<u>\$ 1,600,479</u>	

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

Increased by:		
2020 Levy		
General Taxes	\$ 14,649,770	
County Open Space Taxes	<u>449,829</u>	
		<u>\$ 15,099,599</u>
Decreased by:		
Payments		<u>\$ 15,099,599</u>

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2019	\$ 35,598
Increased by:	
2020 County Added Taxes	<u>44,602</u>
	80,200
Decreased by:	
Payments	<u>35,598</u>
Balance, December 31, 2020	<u>\$ 44,602</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2019 (Local School Taxes Payable)	\$ 136,396
Increased by:	
2020 Levy	<u>45,342,308</u>
	45,478,704
Decreased by:	
Payments	<u>46,169,711</u>
Balance, December 31, 2020 (Prepaid Local School Taxes)	<u>\$ 691,007</u>

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

Balance, December 31, 2019		\$ 512,500
Increased by:		
2020 Levy		<u>250,000</u>
		762,500
Decreased by:		
Payments to SID District	\$ 389,500	
Payments for SID District	<u>36,430</u>	
		<u>425,930</u>
Balance, December 31, 2020		<u>\$ 336,570</u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2019		\$ 249,659
Increased by:		
Transferred from 2020 Current Tax Revenue		<u>500,000</u>
Balance, December 31, 2020		<u>\$ 749,659</u>

STATEMENT OF DEFERRED CHARGES

	Amount <u>Authorized</u>	Balance, December 31, <u>2019</u>	Amount Resulting from <u>2020</u>	Balance, December 31, <u>2020</u>
COVID-19 Revenue Losses	<u>\$ 1,850,000</u>	<u>\$ -</u>	<u>\$ 1,850,000</u>	<u>\$ 1,850,000</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, 2019	\$ 6,805	\$ 504,871	\$ 2,725,179	\$ 27,503
Increased by Receipts:				
Due State of New Jersey	656			
Animal Control Licenses	4,532			
Community Development Receipts				
Grants Receivable		710,265		
Loans Receivable		11,255		
Deferred Loans Receivable		96,187		
Interest on Loans		77,286		
Current Fund Budget Appropriation				
Unemployment				52,882
Workers Compensation				50,000
Miscellaneous Deposits and Reserves			1,395,254	
Employee Unemployment Contributions				19,248
Payroll Deductions Payable				
Accrued Salaries and Wages			45,678	
Reserve for Flex Spending			49,104	
Receipts from Current Fund			3,808,214	
Interest Earned	28	-	3,034	160
	<u>5,216</u>	<u>894,993</u>	<u>5,301,284</u>	<u>122,290</u>
	<u>12,021</u>	<u>1,399,864</u>	<u>8,026,463</u>	<u>149,793</u>
Decreased by Disbursements:				
Reserve for:				
Community Development Expenditures				
Reserve for Expenditures		527,506		
Encumbrances Payable		42,811		
Payments to County of Union		110,000		
Miscellaneous Deposits and Reserves			3,238,157	
Unemployment Claims				
Workmen's Compensation Claims				30,732
Payroll Deductions Payable			138,000	
Accrued Salaries & Wages				
Other Liabilities			19,598	
Reserve for Flex Spending			44,814	
Due to State of New Jersey	867			88,475
Payments to Current Fund	40	59,285		5,160
Payments to Sewer Utility Capital Fund	-	-	85,039	-
	<u>907</u>	<u>739,602</u>	<u>3,525,608</u>	<u>124,367</u>
Balance, December 31, 2020	\$ 11,114	\$ 660,262	\$ 4,500,855	\$ 25,426

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

Balance, December 31, 2019	\$	219
Increased by:		
License Fees Collected		656
		875
Decreased by:		
Payments to State of New Jersey		867
Balance, December 31, 2020	\$	8

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

Balance, December 31, 2019	\$	6,574
Increased by:		
Animal License Fees Collected		4,532
Balance, December 31, 2020	\$	11,106

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

Balance, December 31, 2019	\$	12
Increased by:		
Interest Earned		28
		40
Decreased by:		
Payments to Current Fund		40
Balance, December 31, 2020	\$	-

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

Program Year	Balance, December 31, <u>2019</u>	2020 Grant <u>Awards</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2020</u>
2019 - Year 44	\$ 71			\$ 71
2020 - Year 45	658,750		\$ 625,265	33,485
2021 - Year 46	<u>-</u>	<u>\$ 720,250</u>	<u>85,000</u>	<u>635,250</u>
	<u>\$ 658,821</u>	<u>\$ 720,250</u>	<u>\$ 710,265</u>	<u>\$ 668,806</u>

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

Balance, December 31, 2019	\$ 214,931
Decreased by:	
Loan Repayments - Principal	<u>11,255</u>
Balance, December 31, 2020	<u>\$ 203,676</u>

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

Balance, December 31, 2019	\$ 2,892,205
Increased by:	
Loans Advanced	<u>34,656</u>
	2,926,861
Decreased by:	
Loan Repayments	<u>96,187</u>
Balance, December 31, 2020	<u>\$ 2,830,674</u>

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

Balance, December 31, 2019	\$ 136,590
Increased by:	
Charged to Program Expenditures	<u>31,178</u>
	167,768
Decreased by:	
Payments	<u>42,811</u>
Balance, December 31, 2020	<u>\$ 124,957</u>

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

	Balance, December 31, <u>2019</u>	<u>Receipts</u>	Loan <u>Repayments</u>	2020 Grants <u>Authorized</u>	<u>Expenditures</u>	<u>Transfer</u>	Balance, December 31, <u>2020</u>
Union County Projects:							
2020 Projects (Year 45)	\$ 253,500				\$ 253,500		
2021 Projects (Year 46)				\$ 720,250	305,184		\$ 415,066
Program Income	<u>96,517</u>	<u>\$ 77,286</u>	<u>\$ 107,442</u>	<u>-</u>	<u>-</u>	<u>\$ (110,000)</u>	<u>171,245</u>
	<u>\$ 350,017</u>	<u>\$ 77,286</u>	<u>\$ 107,442</u>	<u>\$ 720,250</u>	<u>\$ 558,684</u>	<u>\$ (110,000)</u>	<u>\$ 586,311</u>
				Cash Expended	\$ 527,506		
				Encumbrances Payable	<u>31,178</u>		
					<u>\$ 558,684</u>		
				County of Union	<u>\$ 110,000</u>		

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

Balance, December 31, 2019		\$ 1,580
Increased by:		
City Contribution	\$ 50,000	
Interest Earnings	<u>88</u>	
		<u>50,088</u>
		51,668
Decreased by:		
Claims Paid		<u>30,732</u>
Balance, December 31, 2020		<u>\$ 20,936</u>

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

Balance, December 31, 2019		\$ 65,216
Increased by:		
Employee Contributions	\$ 19,248	
City Contribution	<u>52,882</u>	
		<u>72,130</u>
		137,346
Decreased by:		
Claims Due to State of New Jersey		<u>101,319</u>
Balance, December 31, 2020		<u>\$ 36,027</u>

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

Balance, December 31, 2019 (Due to)	\$ 5,015
Increased by:	
Interest Earnings	<u>72</u>
	5,087
Decreased by:	
Payments to Current Fund	<u>5,160</u>
Balance, December 31, 2020 (Due from)	<u>\$ 73</u>

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

Balance, December 31, 2019	\$ 12,882
Increased by:	
Unemployment Claims	<u>101,319</u>
	114,201
Decreased by:	
Cash Disbursements	<u>88,475</u>
Balance, December 31, 2020	<u>\$ 25,726</u>

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

	Balance, December 31, <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2020</u>
State Fees - Building Department	\$ 175,331	\$ 58,584	\$ 10,905	\$ 223,010
County Red Light Camera Program	70,180			70,180
Street Opening Deposits	221,590	11,468	37,300	195,758
State Department of Human Services	1,032	3,525	3,400	1,157
Parking Offense Adjudication Act	28,371	2,990		31,361
Police Outside Employment	640,106	1,122,192	1,160,189	602,109
Professional Review Fees	1,064,397		358,721	705,676
Building Department Rezoning Deposits	4,054			4,054
Fire Safety Penalties	70,485	25,421		95,906
Elevator Inspections	120,958	48,656	35,215	134,399
Narcotics Investigation	60,331	9,226	17,990	51,567
Recreation Deposits	21,976	88,929	79,109	31,796
Public Defender	79,056	3,040		82,096
Tax Sale Premiums	1,274,444	8,200	800,414	482,230
Third Party Liens	491,208	738,126	881,834	347,500
Terminal Pay	631,318	350,000		981,318
Storm Recovery		180,000		180,000
Police Confiscated Money	9,485	1,854		11,339
Miscellaneous	15,526		13,472	2,054
Passaic Valley River Litigation	95,000	-	-	95,000
	<u>\$ 5,074,848</u>	<u>\$ 2,652,211</u>	<u>\$ 3,398,549</u>	<u>\$ 4,328,510</u>
		Cash Receipts \$ 1,395,254		
		Due from Current Fund <u>1,256,957</u>		
		<u>\$ 2,652,211</u>		
		Cash Disbursements \$ 3,238,157		
		Other Liabilities <u>160,392</u>		
			<u>\$ 3,398,549</u>	

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

Balance, December 31, 2019		\$ 2,942,745
Increased by:		
Other Trust Fund Receipts Deposited in Current Fund	\$ 726,957	
Transferred from 2019 Appropriation Reserves	<u>530,000</u>	
		<u>1,256,957</u>
		4,199,702
Decreased by:		
Interest Earnings	3,034	
Receipts from Current Fund	<u>3,808,214</u>	
		<u>3,811,248</u>
Balance, December 31, 2020		<u>\$ 388,454</u>

**STATEMENT OF OTHER LIABILITIES
OTHER TRUST FUND**

Balance, December 31, 2019		\$ 189,355
Increased by:		
Charges to Miscellaneous Reserves and Deposits		<u>160,392</u>
		349,747
Decreased by:		
Cash Disbursements		<u>19,598</u>
Balance, December 31, 2020		<u>\$ 330,149</u>

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

Balance, December 31, 2019	\$	157,206
Increased by:		
Payroll Deductions Received		-
		157,206
Decreased by:		
Payroll Deductions Paid		138,000
Balance, December 31, 2020	\$	19,206

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

Balance, December 31, 2019	\$	147,271
Increased by:		
Accrued Salaries and Wages Earned		45,678
		192,949
Decreased by:		
Accrued Salaries and Wages Paid		-
Balance, December 31, 2020	\$	192,949

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

Balance, December 31, 2019	\$	4,404
Increased by:		
Cash Receipts		49,104
		53,508
Decreased by:		
Cash Disbursements		44,814
Balance, December 31, 2020	\$	8,694

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

Balance, December 31, 2019	\$ 116,085
Decreased by:	
Payments to Current Fund	<u>59,285</u>
Balance, December 31, 2020	<u>\$ 56,800</u>

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

Balance, December 31, 2019	<u>\$ 561,000</u>
Balance, December 31, 2020	<u>\$ 561,000</u>

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

Balance, December 31, 2019	<u>\$ 57,190</u>
Balance, December 31, 2020	<u>\$ 57,190</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2019		\$ 8,707,148
Increased by Receipts:		
Interest Earned	\$ 23,307	
Grants Receivable	514,431	
Current Fund Budget Appropriation		
Capital Improvement Fund	250,000	
Deferred Charges Unfunded	1,786	
Receipts from Current Fund	237,178	
Receipts from Water Utility Capital Fund	1,005,102	
Receipts from Sewer Utility Operating Fund	100,880	
Receipts from Parking Utility Capital Fund	759,712	
Bond Proceeds	5,215,000	
Bond Anticipation Note Proceeds	3,148,500	
Premium on Bonds/Bond Anticipation Note	486,764	
	<u>11,742,660</u>	
		20,449,808
Decreased by Disbursements:		
Improvement Authorizations	4,912,112	
Contracts Payable	2,407,723	
Bond Anticipation Notes	5,511,750	
Payments to Sewer Utility Capital Fund	755,003	
Payments to Parking Utility Operating Fund	772,500	
	<u>14,359,088</u>	
Balance, December 31, 2020		<u>\$ 6,090,720</u>

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

Balance,
December 31,
2020

Fund Balance	\$ 5,751,316
Capital Improvement Fund	206,272
Grants Receivable	(200,000)
Due to Rahway Redevelopment Agency	235,708
Due from Current Fund	(4,216,959)
Due from CDBG Trust	(561,000)
Due from Water Utility Capital Fund	(1,254,582)
Due from Sewer Utility Capital Fund	(4,859)
Due from Parking Utility Operating Fund	(772,500)
Due to Parking Utility Capital Fund	759,712
Contracts Payable	2,154,252
Reserve for Payment of Debt	610,646
Excess Note Proceeds	514,431

<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	34,297
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	240,750
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	91,229
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	403,650
22-17	Sidewalk Improvements	19,348
25-17/6-18	DPW, Fire and Police	159,955
26-17	Madden Field Improvements	(1,345)
7-18	2018 Road Improvements	57,260
13-18	Various Improvements	268,326
14-18	DPW, Recreation and Arts	30,123
22-18	Monroe Street Improvements	238,970
5-19	Various Road Improvements	29,840
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	659,371
32-19	Acquisition of Property	(533,209)
10-20/32-20	Various Improvements to Brenman Field	(27,379)
12-20	2020 Road Improvement Program	(983,116)
18-20	Improvements to Madden Field	(54,578)
25-20	Various 2020 Capital Acquisitions & Improvements	(56,578)
33-20	Purchase of Ambulance and 911 Command Center	(668,294)
40-20	Purchase and Installation of Outdoor Shelters	(111,469)
		<u>\$ 6,090,720</u>

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

Balance, December 31, 2019		\$ 3,773,150
Increased by:		
General Capital Fund Receipts Deposited in Current Fund - CARES Funding		<u>704,294</u>
		4,477,444
Decreased by:		
Interest on Investments	\$ 23,307	
Receipts from Current Fund	<u>237,178</u>	
		<u>260,485</u>
Balance, December 31, 2020		<u>\$ 4,216,959</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2019		\$ 41,271,069
Increased by:		
Serial Bonds Issued		<u>5,215,000</u>
		46,486,069
Decreased by:		
Current Fund Budget Appropriations:		
Serial Bonds Principal Paydowns	\$ 3,930,833	
Green Acres Loan Principal Paydowns	<u>25,944</u>	
		<u>3,956,777</u>
Balance, December 31, 2020		<u>\$ 42,529,292</u>

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

Ord. No.	Description	Balance December 31, 2019	2020 Authorizations	Serial Bonds Issued	Notes Paid by Budget Appropriation	Budget Appropriation	CARES Act Funding	Grant Proceeds	Balance December 31, 2020	Analysis of Balance		
										Bond Anticipation Notes	Expended	Unexpended Improvement Authorization
18-16	2016 Road Reconstruction and Resurfacing	\$ 476				\$ 476						
30-16	Various 2016 Capital Improvements	836,303		\$ 720,405	\$ 115,750	148						
22-17	Sidewalk Improvements	190,476		190,476								
25-17/6-18	DPW, Fire and Police Equipment	1,633,332		1,632,622		710						
26-17	Madden Field Improvements	2,142,857				89		\$ 2,142,768	\$ 2,141,423	\$ 1,345		
7-18	2018 Road Program	1,035,785		1,035,785								
13-18	Various 2018 Acquisitions and Improvements	1,635,712		1,635,712								
22-18	Improvements to Monroe Street	476,190						476,190	476,190			
5-19	Various Road Improvements	1,662,500										
10-19	Acquisition of Real Property	85,500				363		\$ 514,431	1,148,069	1,148,069		
11-19	Acquisition of Fire Department Equipment	261,250							85,137	85,137		
15-19	Aid to a Redevelopment Project	2,000,000							261,250	261,250		
19-19	Purchase of Buses for Senior Citizen Transportation	142,500							2,000,000	2,000,000		
31-19/31-20	Various Capital Improvements	1,006,000	\$ 71,250						142,500	142,500		
32-19	Acquisition of Property		550,000						1,077,250	1,006,000	\$ 71,250	
10-20/32-20	Various Improvements to Brennan Field		497,500						550,000		533,209	16,791
12-20	2020 Road Improvement Program		1,570,000						497,500		27,379	470,121
18-20	Improvements to Madden Field		800,000						1,570,000		983,116	586,884
25-20	Various 2020 Capital Acquisitions & Improvements		1,876,250				\$ 704,294		800,000		54,578	745,422
33-20	Purchase of Ambulance and 911 Command Center		714,000						1,171,956		56,578	1,115,378
40-20	Purchase and Installation of Outdoor Shelters	-	142,500	-	-	-	-	-	714,000		668,294	45,706
		<u>\$ 13,108,881</u>	<u>\$ 6,221,500</u>	<u>\$ 5,215,000</u>	<u>\$ 115,750</u>	<u>\$ 1,786</u>	<u>\$ 704,294</u>	<u>\$ 514,431</u>	<u>\$ 12,779,120</u>	<u>\$ 7,260,569</u>	<u>\$ 2,435,968</u>	<u>\$ 3,082,583</u>
									Bond Anticipation Notes	\$ 7,775,000		
									Excess Proceeds			
									Ord. 5-19	514,431		
										<u>\$ 7,260,569</u>		
									Improvement Authorizations - Unfunded		\$ 4,564,773	
									Less: Unexpended Note Proceeds			
									22-18	238,970		
									5-19	29,840		
									11-19	25,934		
									15-19	500,000		
									19-19	28,075		
									31-19/31-20	659,371		
												<u>1,482,190</u>
												<u>\$ 3,082,583</u>

CITY OF RAHWAY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Description	Ord. No.	Balance, December 31, 2019		2020 Authorizations		Expended	Cancelled Contracts	Balance, December 31, 2020	
		Funded	Unfunded	Capital Improvement Fund	Deferred 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	94,403				\$ 60,106		34,297	
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					\$ 222,539	240,750	
Asbestos Remediation of City Properties	30-14	6,453						6,453	
Acquisition and Installation of Police Body Cameras	13-15	14,353				242		14,111	
2015 Road Improvements	14-15	96,180				1,493		94,687	
Various 2015 Improvements	19-15	93,677				2,448		91,229	
Improvements to Crosswalk - East Milton and Lenox	27-15	43,018					19,118	62,136	
	35-15							-	
Environmental Remediation of Various Properties	9-16	806				580		226	
2016 Road Reconstruction and Resurfacing	18-16	30,340	\$ 476			4,876		25,940	
Various 2016 Capital Improvements	30-16		409,928			6,278		403,650	
2017 Road Improvements	14-17/27-17								
Sidewalk Improvements	22-17		25,662			6,314		19,348	
DPW, Fire and Police	25-17/6-18		188,203			28,248		159,955	
Madden Field Improvements	26-17		89,508			89,508			
2018 Road Improvements	7-18		51,593				5,667	57,260	
Various Improvements	13-18		358,152			89,826		268,326	
DPW, Recreation and Arts	14-18	36,507				6,384		30,123	
Monroe Street Improvements	22-18		240,659			1,689		\$ 238,970	
Roads 2019	05-19		181,361			151,521		29,840	
ACQ B160 L7	10-19		10,975			10,975			
Fire Equipment	11-19		26,641			707		25,934	
Central Business Redevelopment	15-19		2,000,000			1,500,000		500,000	
Senior Busses	19-19		83,475			55,400		28,075	
Various Capital Improvements	31-19/31-20	51,000	1,006,000	\$ 3,750	\$ 71,250	401,379		730,621	
Acquisition of Property	32-19				550,000	533,209		16,791	
Various Improvements to Brennan Field	10-20/32-20			27,500	497,500	54,879		470,121	
2020 Road Improvement Program	12-20			80,000	1,570,000	1,063,116		586,884	
Improvements to Madden Field	18-20				800,000	54,578		745,422	
Various 2020 Capital Acquisitions & Improvements	25-20			98,750	1,876,250	859,622		1,115,378	
Purchase of Ambulance and 911 Command Center	33-20			36,000	714,000	704,294		45,706	
Purchase and Installation of Outdoor Shelters	40-20			7,500	142,500	118,969		31,031	
		\$ 2,798,518	\$ 4,672,633	\$ 253,500	\$ 6,221,500	\$5,806,641	\$ 247,324	\$ 3,822,061	\$ 4,564,773
						Cash Disbursements		\$4,912,112	
						Contracts Payable		894,529	
								\$5,806,641	

**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, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
			<u>December 31, 2020</u>	<u>December 31, 2020</u>					
2011 General Obligation Bonds	4/15/2011	\$ 11,650,000				\$ 700,000		\$ 700,000	
2012 Refunding Bonds	5/24/2012	4,994,538	12/1/2021	\$ 509,903	2.375 %				
			12/1/2022	501,544	2.500				
			12/1/2023	493,185	2.625	2,014,534		509,903	\$ 1,504,631
2013 General Obligation Bonds	9/30/2013	7,425,000	9/15/2021	365,000	3.000				
			9/15/2022	375,000	3.000				
			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	5,505,000		355,000	5,150,000
			2014 Refunding Bonds	9/29/2014	1,720,000	6/15/2021-2022	250,000	4.000	
6/15/2023	270,000	4.000				1,020,000		250,000	770,000

**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, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
			<u>Date</u>	<u>Amount</u>					
2015 General Obligation Bonds	8/1/2015	\$ 9,460,000	8/1/2021	\$ 625,000	4.000 %	\$ 7,920,000		\$ 525,000	\$ 7,395,000
			8/1/2022-2025	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				
2015 Refunding Bonds	8/28/2015	4,463,056	10/1/2021	486,611	4.125	2,418,308		491,526	1,926,782
			10/1/2022	476,780	4.200				
			10/1/2023	486,611	4.250				
			10/1/2024	476,780	4.250				
2016 General Obligation Bonds	8/4/2016	8,627,000	8/1/2021	425,000	3.000	7,427,000		400,000	7,027,000
			8/1/2022-2023	500,000	4.000				
			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				

**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, 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>	
			<u>Date</u>	<u>Amount</u>						
2016 Refunding Bonds	9/15/2016	\$ 11,683,178	4/15/2021	\$ 1,179,921	4.000 %	\$ 10,197,293			\$ 9,712,889	
			4/15/2022	1,175,180	4.000					
			4/15/2023	1,175,180	4.000					
			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					7/15/2021
7/15/2022	250,000	2.50								
7/15/2023	270,000	3.00								
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	4.00								
2020 General Obligation Bonds	7/15/2020	5,215,000	7/15/2021	330,000	2.00					
			7/15/2022	405,000	2.00					
			7/15/2023	430,000	2.00					
			7/15/2024	485,000	2.00					
			7/15/2025	515,000	2.50					
			7/15/2026	545,000	4.00					
			7/15/2027	575,000	4.00					
			7/15/2028	625,000	2.00					
			7/15/2029	645,000	2.00					
			7/15/2030	660,000	2.00					
						<u>\$ 41,077,135</u>	<u>\$ 5,215,000</u>	<u>\$ 3,930,833</u>	<u>\$ 42,361,302</u>	
						Paid by Budget Appropriation		<u>\$ 3,930,833</u>		

**CITY OF RAHWAY
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, 2019	Grants Awarded	Cash Receipts	Balance, December 31, 2020	Pledged to: Improvement Authorization	Reserve for Receivable
NJ Department of Transportation						
Ord. 18-16 - 2016 Road Program						
Ord. 14-17 - 2017 Road Program	\$ 9,595			\$ 9,595		\$ 9,595
Ord. 5-19 - 2019 Road Improvements	650,000		\$ 514,431	135,569		135,569
Community Development Block Grant						
Ord. 14-17 - 2017 Road Program						
Ord. 07-18 - 2018 Road Program	-			-		-
Ord. 5-19 - 2019 Road Improvements	225,000			225,000		225,000
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
County of Union						
Ord. 3-14 - HS Park Improvements	75,950			75,950		75,950
Ord. 18-16 - 2016 Road Program						
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
Ord. 35-15 - Basketball and Tennis Courts	-	-	-	-	-	-
	<u>\$ 2,295,545</u>	<u>\$ 400,000</u>	<u>\$ 514,431</u>	<u>\$ 2,181,114</u>	<u>\$ 200,000</u>	<u>\$ 1,981,114</u>

**CITY OF RAHWAY
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, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2020</u>
30-16	Various 2016 Capital Improvements	8/2/2017	7/31/2019	7/30/2020	3.00%	\$ 836,155		\$ 836,155	
22-17	Sidewalk and Roadway Improvements	7/31/2019	7/31/2019	7/30/2020	3.00%	190,476		190,476	
25-17/6-18	DPW, Fire and Police Equipment	7/31/2019	7/31/2019	7/30/2020	3.00%	1,632,622		1,632,622	
26-17	Madden Field Improvements	7/31/2019	7/29/2020 7/31/2019	7/28/2021 7/30/2020	2.00% 3.00%		\$ 2,141,423	\$ 2,142,768	\$ 2,141,423
7-18	2018 Road Program	7/31/2019	7/31/2019	7/30/2020	3.00%	1,331,190		1,331,190	
13-18	Various 2018 Acquisitions and Improvements	7/31/2019	7/31/2019	7/30/2020	3.00%	1,635,712		1,635,712	
22-18	Improvements to Monroe Street	7/31/2019	7/29/2020 7/31/2019	7/28/2021 7/30/2020	2.00% 3.00%		476,190		476,190
5-19	Various Road Improvements	7/31/2019	7/29/2020 7/31/2019	7/28/2021 7/30/2020	2.00% 3.00%		1,662,500		1,662,500
10-19	Acquisition of Real Property	7/31/2019	7/29/2020 7/31/2019	7/28/2021 7/30/2020	2.00% 3.00%		85,137	85,137	85,137
11-19	Acquisition of Fire Department Equipment	7/31/2019	7/29/2020 7/31/2019	7/28/2021 7/30/2020	2.00% 3.00%		261,250	261,250	261,250
15-19	Aid to a Redevelopment Project	7/29/2020	7/29/2020	7/28/2021	2.00%		2,000,000		2,000,000
19-19	Purchase of Buses for Senior Citizen Transportation	7/29/2020	7/29/2020	7/28/2021	2.00%		142,500		142,500
31-19/31-20	Various Capital Improvements	7/29/2020	7/29/2020	7/28/2021	2.00%	-	1,006,000	-	1,006,000
						<u>\$ 10,254,000</u>	<u>\$ 7,775,000</u>	<u>\$ 10,254,000</u>	<u>\$ 7,775,000</u>
							\$ 4,626,500	\$ 4,626,500	
							3,148,500		
								115,750	
								5,215,000	
								1,345	
							-	295,405	
						<u>\$ 7,775,000</u>	<u>\$ 10,254,000</u>		

**CITY OF RAHWAY
STATEMENT OF GREEN ACRES LOAN PAYABLE**

Balance, December 31, 2019	\$ 193,934
Decreased by:	
Principal Paid by Budget Appropriation	<u>25,944</u>
Balance, December 31, 2020	<u>\$ 167,990</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2019	\$ 209,772
Increased by:	
Current Fund Budget Appropriation	<u>250,000</u>
	459,772
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>253,500</u>
Balance, December 31, 2020	<u>\$ 206,272</u>

**CITY OF RAHWAY
STATEMENT OF DUE TO RAHWAY REDEVELOPMENT AGENCY**

Balance, December 31, 2019	<u>\$ 235,708</u>
Balance, December 31, 2020	<u>\$ 235,708</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2019	\$ 3,914,770
Increased by:	
Charged to Improvement Authorizations	<u>894,529</u>
	4,809,299
Decreased by:	
Cash Disbursements	\$ 2,407,723
Cancellations	<u>247,324</u>
	<u>2,655,047</u>
Balance, December 31, 2020	<u>\$ 2,154,252</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2019	<u>\$ 610,646</u>
Balance, December 31, 2020	<u>\$ 610,646</u>

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

Increased by:	
Payments to Parking Utility Operating Fund	<u>\$ 772,500</u>
Balance, December 31, 2020	<u>\$ 772,500</u>

STATEMENT OF DUE TO PARKING UTILITY CAPITAL FUND

Increased by:	
Receipts from Parking Utility Capital Fund	<u>\$ 759,712</u>
Balance, December 31, 2020	<u>\$ 759,712</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, <u>2019</u>	2020 <u>Authorizations</u>	Budget <u>Appropriation</u>	Notes Issued <u>for Cash</u>	CARES Act <u>Funding</u>	Notes Paid with Capital <u>Cash</u>	Balance, December 31, <u>2020</u>
35-15	2015 Basketball and Tennis Court Improvements							
18-16	2016 Road Reconstruction and Resurfacing	\$ 476		\$ 476				
30-16	Various 2016 Capital Improvements	148		148				
25-17/6-18	DPW, Fire and Police Equipment	710		710				
26-17	Madden Field Improvements	89		89			\$ 1,345	\$ 1,345
10-19	Acquisition of Real Property	363		363				
15-19	Aid to a Redevelopment Project	2,000,000			\$ 2,000,000			
19-19	Purchase of Buses of Senior Citizen Transportation	142,500			142,500			
31-19/31-20	Various Capital Improvements	1,006,000	\$ 71,250		1,006,000			71,250
32-19	Acquisition of Property		550,000					550,000
10-20/32-20	Various Improvements to Brennan Field		497,500					497,500
12-20	2020 Road Improvement Program		1,570,000					1,570,000
18-20	Improvements to Madden Field		800,000					800,000
25-20	Various 2020 Capital Acquisitions & Improvements		1,876,250			\$ 704,294		1,171,956
33-20	Purchase of Ambulance and 911 Command Center		714,000					714,000
40-20	Purchase and Installation of Outdoor Shelters	-	142,500	-	-	-	-	142,500
		<u>\$ 3,150,286</u>	<u>\$ 6,221,500</u>	<u>\$ 1,786</u>	<u>\$ 3,148,500</u>	<u>\$ 704,294</u>	<u>\$ 1,345</u>	<u>\$ 5,518,551</u>

WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2019	\$ 704,824	\$ 4,868,028
Increased by Receipts:		
Consumer Accounts Receivable	\$ 7,387,972	
Water Connection Fees	255,067	
Interest on Investments	6,893	\$ 8,630
Bond Anticipation Notes		1,000,000
Premium on Notes		15,656
Receipts from Sewer Utility Operating Fund	427,227	
Receipts from Sewer Utility Capital Fund	<u>600,000</u>	<u>-</u>
	<u>8,677,159</u>	<u>1,024,286</u>
	9,381,983	5,892,314
Decreased by Disbursements:		
2020 Budget Appropriations	5,843,857	
2019 Appropriation Reserves	110,921	
Encumbrances Payable	23,428	
Contracts Payable		362,562
Improvement Authorizations		925,884
Accrued Interest on Bonds and Notes	451,977	
Payments to Current Fund	2,590,528	
Payments to General Capital Fund		1,005,102
Refund of Prior Year Revenue	<u>1,801</u>	<u>-</u>
	<u>9,022,512</u>	<u>2,293,548</u>
Balance, December 31, 2020	<u>\$ 359,471</u>	<u>\$ 3,598,766</u>
<u>Analysis of Balance</u>		
Cash	\$ 359,471	\$ 1,796,599
Cash with Fiscal Agents	<u>-</u>	<u>1,802,167</u>
	<u>\$ 359,471</u>	<u>\$ 3,598,766</u>

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

	Balance, December 31, <u>2020</u>
Fund Balance	\$ 772,744
Capital Improvement Fund	106,472
Reserve for Future Capital Improvements	500,000
Due to General Capital Fund	1,254,582
Due to Water Utility Operating Fund	2,947,929
Contracts Payable	1,167,620
 <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	112,961
2-15/14-16 Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	(2,356,751)
10-15 Various 2015 Water Utility Improvements	9,461
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
11-20 Various Acquisitions and Improvements	(475,000)
13-20 Various Improvements to Water Storage Tanks	(33,250)
16-20 Upgrade of Granular Activated Carbon Filter System	(634,535)
27-20 Various 2020 Acquisitions and Improvements	<u>(492,960)</u>
	 <u>\$ 3,598,766</u>

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

Balance, December 31, 2019		\$ <u>200</u>
Balance, December 31, 2020		\$ <u>200</u>

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

<u>Account</u>	Balance, December 31 <u>2019</u>	<u>Increased by:</u> Transferred from Fixed Capital Authorized and <u>Uncompleted</u>	Balance, December 31 <u>2020</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	6,469,791	\$ 1,075,000	7,544,791
Land	<u>25,000</u>	<u>-</u>	<u>25,000</u>
	<u>\$ 55,029,090</u>	<u>\$ 1,075,000</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,	Increased by:	Decreased by:	Balance,
				December 31 2019	2020 Authorizations	Transferred to Fixed Capital	December 31 2020
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
6-19	Various Acquisitions and Improvements	2019	600,000	600,000		\$ 600,000	
11-20	Various Acquisitions	2020	525,000		\$ 525,000		525,000
13-20	Water Storage Tank	2020	475,000		475,000	475,000	
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
				<u>\$ 5,304,369</u>	<u>\$ 4,250,000</u>	<u>\$ 1,075,000</u>	<u>\$ 8,479,369</u>

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

Balance, December 31, 2019	\$ 1,060,969
Increased by:	
Water Rents Levied	<u>7,738,951</u>
	8,799,920
Decreased by:	
Collections	<u>7,387,972</u>
Balance, December 31, 2020	<u>\$ 1,411,948</u>

CITY OF RAHWAY
STATEMENT OF 2019 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance December 31, <u>2019</u>	Adjusted Balance	Cash Disbursements	Balance Lapsed
Operating				
Management Fee	\$ 2,753	\$ 2,753		\$ 2,753
Other Expenses	<u>204,721</u>	<u>204,721</u>	\$ 178,563	<u>26,158</u>
	<u>\$ 207,474</u>	<u>\$ 207,474</u>	<u>\$ 178,563</u>	<u>\$ 28,911</u>
Appropriation Reserves		<u>\$ 207,474</u>		
			Cash Disbursements \$ 110,921	
			Accounts Payable <u>67,642</u>	
			<u>\$ 178,563</u>	

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

Balance, December 31, 2019	\$	23,428
Increased by:		
Charged to 2020 Budget Appropriations		<u>57,296</u>
		80,724
Decreased by:		
Cash Disbursements		<u>23,428</u>
Balance, December 31, 2020	\$	<u>57,296</u>

STATEMENT OF ACCOUNTS PAYABLE AND OTHER LIABILITIES

Balance, December 31, 2019	\$	125,559
Increased by:		
Transferred from Appropriation Reserves		<u>67,642</u>
Balance, December 31, 2020	\$	<u>193,201</u>

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

Balance, December 31, 2019	\$	3,439,299
Increased by:		
Interest Earned		<u>8,630</u>
		3,447,929
Decreased by:		
Budget Appropriation - Capital Outlay		<u>500,000</u>
Balance, December 31, 2020	\$	<u>2,947,929</u>

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

Balance, December 31, 2019 (Due to)	\$ 1,576,148
Decreased by:	
Payments to Current Fund	<u>2,590,528</u>
Balance, December 31, 2020 (Due from)	<u>\$ 1,014,380</u>

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

Balance, December 31, 2019	\$ 2,259,684
Decreased by:	
Payments to General Capital Fund	<u>1,005,102</u>
	<u>\$ 1,254,582</u>

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

Increased by:	
2020 Budget Appropriation - Capital Outlay	<u>\$ 500,000</u>
Balance, December 31, 2020	<u>\$ 500,000</u>

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

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2019		2020 Authorizations	Paid or Charged	Balance December 31, 2020	
			Funded	Unfunded			Funded	Unfunded
30-12/23-13	Replacement of Hamilton St. Water Main	1,375,000	\$ 123,798	\$ 58,559		\$ 7,044	\$ 116,754	\$ 58,559
28-14	Various 2014 Water Utility Capital Improvements	300,000	114,306			1,345	112,961	
2-15/14-16	Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	19,785,000		3,581,972		141,649		3,440,323
10-15	Various 2015 Water Utility Improvements	925,000	212,015			202,554	9,461	
28-16	Various Improvements to Water Treatment Plant	400,000	159,785	279			159,785	279
12-17	Water Main Improvements	800,000	45,119			2,165	42,954	
15-18	Various Improvements to Water Treatment Plant	400,000		400,000				400,000
06-19	Various Acquisitions and Improvements	600,000		33,248		33,248		
11-20	Various Acquisitions and Improvements	475,000			\$ 475,000	475,000		
13-20	Various Improvements to Water Storage Tanks	525,000			525,000	33,250		491,750
16-20	Upgrade of Granular Activated Carbon Filter System	2,500,000			2,500,000	634,535		1,865,465
27-20	Various 2020 Acquisitions and Improvements	750,000	-	-	750,000	492,960	-	257,040
			<u>\$ 655,023</u>	<u>\$ 4,074,058</u>	<u>\$ 4,250,000</u>	<u>\$ 2,023,750</u>	<u>\$ 441,915</u>	<u>\$ 6,513,416</u>
						Cash Disbursements	\$ 925,884	
						Encumbrances	<u>1,097,866</u>	
							<u>\$ 2,023,750</u>	

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

Balance, December 31, 2019		\$	432,316
Increased by:			
Charges to Improvement Authorizations			1,097,866
			1,530,182
Decreased by:			
Cash Disbursements			362,562
Balance, December 31, 2020		\$	1,167,620

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

Balance, December 31, 2019		\$	29,526,679
Increased by:			
Serial Bonds Paid by Operating Budget	\$		525,000
NJ EIT Loans Paid by Operating Budget			612,897
			1,137,897
Balance, December 31, 2020		\$	30,664,576

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

Balance, December 31, 2019		\$	303,929
Balance, December 31, 2020		\$	303,929

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance, December 31 2019	Increased	Decreased	Balance, December 31 2020
			Date	Amount						
2014 Refunding Bonds	9/29/2014	1,670,000	6/15/2021	\$ 245,000	4.00%	\$ 995,000		\$ 245,000	\$ 750,000	
			6/15/2022	240,000	4.00%					
			6/15/2023	265,000	4.00%					
2018 General Obligation Bonds	6/15/2018	4,714,000	6/15/2021	150,000	4.00%	4,574,000		145,000	4,429,000	
			6/15/2022	155,000	5.00%					
			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	7/15/2021	140,000	2.00%	3,900,000	-	135,000	3,765,000	
			7/15/2022	150,000	2.50%					
			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%								
						\$ 9,469,000	\$ -	\$ 525,000	\$ 8,944,000	
Paid by Budget Appropriation								\$ 525,000		

**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 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2020</u>
15-18	Various Improvements to Water Treatment Plant	7/29/2020	7/29/2020	7/28/2021	2.00%		\$ 400,000		\$ 400,000
06-19	Various Acquisitions and Improvements	7/29/2020	7/29/2020	7/28/2021	2.00%	-	600,000	-	600,000
						<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>
						Issued for Cash	<u>\$ 1,000,000</u>		

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

	2017 <u>Loan</u>	2018 <u>Loan</u>	<u>Total</u>
Balance, December 31, 2019	\$ 2,148,705	\$ 12,029,234	\$ 14,177,939
Decreased by:			
Principal Paid by Budget Appropriation	<u>118,159</u>	<u>494,738</u>	<u>612,897</u>
Balance, December 31, 2020	<u>\$ 2,030,546</u>	<u>\$ 11,534,496</u>	<u>\$ 13,565,042</u>

EXHIBIT D-25

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

Balance, December 31, 2019	<u>\$ 106,472</u>
Balance, December 31, 2020	<u>\$ 106,472</u>

EXHIBIT D-26

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

Balance, December 31, 2019	\$ 101,221
Increased by:	
Budget Appropriations	
Interest on Bonds	<u>467,559</u>
	568,780
Decreased by:	
Interest Paid	<u>451,977</u>
Balance, December 31, 2020	<u>\$ 116,803</u>

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

Ordinance Number	Improvement Description	Balance, December 31, 2019	2020 Authorizations	Bond Anticipation Notes Issued	Balance, December 31, 2020
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
15-18	Various Improvements to Water Treatment Plant	400,000		\$ 400,000	
6-19	Various Acquisitions and Improvements	600,000		600,000	
11-20	Various Acquisitions and Improvements		\$ 475,000		475,000
13-20	Various Improvements to Water Storage Tanks		525,000		525,000
16-20	Upgrade of Granular Activated Carbon Filter System		2,500,000		2,500,000
27-20	Various 2020 Acquisitions and Improvements	-	750,000	-	750,000
		<u>\$ 6,855,912</u>	<u>\$ 4,250,000</u>	<u>\$ 1,000,000</u>	<u>\$ 10,105,912</u>

SEWER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2019	\$ 5,345,411	\$ 656,305
Increased by Receipts:		
Consumer Accounts Receivable	\$ 4,996,492	
Sewer Connection Fees	250,306	
Nonbudget Revenue	11,200	
Interest on Investments		\$ 1,155
Receipts from Other Trust Fund		85,039
Receipts from General Capital Fund		755,003
Receipts from Sewer Utility Capital Fund	86,243	
Bond Anticipation Notes		1,498,000
Premium on Notes	-	23,451
	<u>5,344,241</u>	<u>2,362,648</u>
	10,689,652	3,018,953
Decreased by Disbursements:		
2020 Budget Appropriations	4,970,118	
Improvement Authorizations		212,645
Contracts Payable		400,440
Accrued Interest on Bonds and Loans	96,298	
Payments to Current Fund	3,787,000	1,310,671
Payments to General Capital Fund	100,880	
Payments to Water Utility Operating Fund	427,227	600,000
Payments to Sewer Utility Operating Fund	-	86,243
	<u>9,381,523</u>	<u>2,609,999</u>
Balance, December 31, 2020	<u>\$ 1,308,129</u>	<u>\$ 408,954</u>

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

	Balance, December 31, <u>2020</u>
Fund Balance	\$ 309,072
Capital Improvement Fund	374,500
Contracts Payable	87,796
Due from Current Fund	(1,520,154)
Due to Other Trust Fund	85,039
Due to General Capital Fund	4,859
Due to Sewer Utility Operating Fund	11

Improvement Authorizations

Ord. No.

11-09/21-09	Wastewater Improvements	(4,248)
34-12	Improvements to Donald Avenue Storm Sewer	21,975
45-13	Flood Control Mitigation	162,622
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	231,207
23-17	Kline/Madison Sewer Improvements	90,642
16-18	Various Sewer Improvements	394,882
20-19/30-20	Repair of Sink Holes	<u>(15,510)</u>
		<u>\$ 408,954</u>

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

Balance, December 31, 2019	\$ 486,138
Increased by:	
Sewer Rents Levied	<u>5,045,543</u>
	5,531,681
Decreased by:	
Cash Receipts	<u>4,996,492</u>
Balance, December 31, 2020	<u><u>\$ 535,189</u></u>

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

<u>Account</u>	Balance, December 31, <u>2019</u>	<u>Increased by:</u> Transfers from Fixed Capital Authorized and <u>Uncompleted</u>	Balance, December 31, <u>2020</u>
Various Sewer System Improvements	\$ 4,205,428	\$ -	\$ 4,205,428
	<u>\$ 4,205,428</u>	<u>\$ -</u>	<u>\$ 4,205,428</u>

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

Ord. No.	<u>Improvement Description</u>	<u>Date</u>	<u>Ordinance</u> Amount	Balance, December 31, 2019	<u>Increased by:</u> 2020 Authorizations	<u>Decreased by:</u> Transfers to Fixed Capital	Balance, December 31, 2020
11-09/21-09	Wastewater Improvements	2009	\$ 550,000				
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	425,000	\$ 100,000		525,000
19-16/29-20	Improvements to Witherspoon St Outfall and Monroe St Sewer Lines	2016	325,000	325,000	520,000		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	500,000	200,000		700,000
24-20	Various Capital Improvements and Equipment	2020	350,000	-	350,000	-	350,000
				<u>\$ 3,538,000</u>	<u>\$ 1,170,000</u>	<u>\$ -</u>	<u>\$ 4,708,000</u>

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

Balance, December 31, 2019 (Due to)	\$ 3,430,260
Decreased by:	
Payments to Current Fund	<u>3,787,000</u>
Balance, December 31, 2020 (Due from)	<u>\$ 356,740</u>

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

Balance, December 31, 2019	<u>\$ 100,880</u>
Decreased by:	
Payments to General Capital Fund	<u>\$ 100,880</u>

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

Balance, December 31, 2019	\$ 349,960
Increased by:	
Payments to Water Utility Operating Fund	<u>427,227</u>
Balance, December 31, 2020	<u>\$ 777,187</u>

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

Balance, December 31, 2019	\$ 85,099
Increased by:	
Interest Earned	<u>1,155</u>
	86,254
Decreased by:	
Payments to Sewer Utility Operating Fund	<u>86,243</u>
Balance, December 31, 2020	<u>\$ 11</u>

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

Balance, December 31, 2019 (Due from)	\$ 750,144
Decreased:	
Cash Receipts from General Capital Fund	<u>755,003</u>
Balance, December 31, 2020 (Due to)	<u>\$ 4,859</u>

**CITY OF RAHWAY
STATEMENT OF 2019 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance December 31, <u>2018</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 1,320		\$ 1,320		\$ 1,320
Other Expenses	121,972		121,972		121,972
Sewer Treatment Expense					
Rahway Valley Sewer Authority	70		70		70
Statutory Expenditures					
Social Security	<u>297</u>	<u>-</u>	<u>297</u>	<u>-</u>	<u>297</u>
	<u>\$ 123,659</u>	<u>\$ -</u>	<u>\$ 123,659</u>	<u>\$ -</u>	<u>\$ 123,659</u>

EXHIBIT E-16

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

Balance, December 31, 2019	\$ 4,800
Increased by:	
Charged to Budget Appropriations	<u>89,104</u>
	93,904
Decreased by:	
Transferred to Accounts Payable	<u>4,800</u>
Balance, December 31, 2020	<u>\$ 89,104</u>

EXHIBIT E-17

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

Increased by:	
Transferred from Encumbrances Payable	<u>\$ 4,800</u>
Balance, December 31, 2020	<u>\$ 4,800</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, 2019	Increased	Decreased	Balance, December 31, 2020
			Date	Amount						
2012 Refunding Bonds	5/24/2012	\$ 980,462	12/1/2021	\$ 100,097	2.375	\$ 395,466		\$ 100,097	\$ 295,369	
			12/1/2022	98,456	2.500					
			12/1/2023	96,815	2.625					
2015 Refunding Bonds	8/28/2015	76,944	10/1/2021	8,389	4.00	41,692		8,474	33,218	
			10/1/2022	8,220	4.00					
			10/1/2023	8,389	4.00					
			10/1/2024	8,220	4.00					
2016 Refunding Bonds	9/15/2016	251,822	4/15/2021	25,079	4.00	172,707		25,596	147,111	
			4/15/2022	24,820	4.00					
			4/15/2023	24,820	4.00					
			4/15/2024	24,820	4.00					
			4/15/2025	24,303	4.000					
			4/15/2026	23,269	2.000					
2019 General Obligation Bonds	7/15/2019	2,275,000	7/15/2021	85,000	2.00	2,275,000	-	85,000	2,190,000	
			7/15/2022	85,000	2.50					
			7/15/2023	100,000	3.00					
			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					
						\$ 2,884,865	\$ -	\$ 219,167	\$ 2,665,698	
								\$ 219,167		

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

Balance, December 31, 2019	\$ 527,534
Decreased by:	
Principal Paid by Budget Appropriation	<u>136,897</u>
Balance, December 31, 2020	<u>\$ 390,637</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 2019</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2020</u>
23-17	Kline/Madison Sewer Improvements	7/29/2020	7/29/2020	7/28/2021	2.00%		\$ 200,000		\$ 200,000
16-18	Various Sewer Utility Improvements	7/29/2020	7/29/2020	7/28/2021	2.00%		798,000		798,000
20-19	Repair of Sink Holes	7/29/2020	7/29/2020	7/28/2021	2.00%	-	500,000	-	500,000
						<u>\$ -</u>	<u>\$ 1,498,000</u>	<u>\$ -</u>	<u>\$ 1,498,000</u>
						Issued for Cash	<u>\$ 1,498,000</u>		

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

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2019		2020 Authorizations	Expended	Balance, December 31, 2020		
			Funded	Unfunded			Funded	Unfunded	
34-12	Improvements to Donald Avenue Storm Sewer	140,000	\$ 23,111			\$ 1,136	\$ 21,975		
45-13	Flood Control Mitigation Project	300,000	193,870			31,248	162,622		
29-14	Improvement of the Storm Sewer on Kline Place	350,000	161,141			923	160,218		
6-16/28-20	Inflow and Infiltration Project (Phase III)	425,000	27,263		\$ 100,000	1,220	26,043	\$ 100,000	
19-16/29-20	Improvements to Witherspoon St Outfall and Monroe St Sewer Lines	325,000	38,354	\$ 200,000	520,000	7,147	31,207	720,000	
23-17	Kline/Madison Sewer Improvements	200,000		104,895		14,253		90,642	
16-18	Various Sewer Improvements	798,000		394,882				394,882	
20-19/30-20	Repair of Sink Holes	500,000		184,019	200,000	199,529		184,490	
24-20	Various Capital Improvements and Equipment	350,000	-	-	350,000	-	-	350,000	
			<u>\$ 443,739</u>	<u>\$ 883,796</u>	<u>\$ 1,170,000</u>	<u>\$ 255,456</u>	<u>\$ 402,065</u>	<u>\$ 1,840,014</u>	
						Cash Disbursements	\$ 212,645		
						Contracts Payable	<u>42,811</u>		
						<u>\$ 255,456</u>			

EXHIBIT E-22

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

Balance, December 31, 2019	\$ 445,425
Increased by:	
Charges to Improvement Authorizations	<u>42,811</u>
	488,236
Decreased by:	
Cash Disbursements	<u>400,440</u>
Balance, December 31, 2020	<u>\$ 87,796</u>

EXHIBIT E-23

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

Balance, December 31, 2019	<u>\$ 374,500</u>
Balance, December 31, 2020	<u>\$ 374,500</u>

EXHIBIT E-24

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

Balance, December 31, 2019	\$ 8,763
Increased by:	
Budget Appropriations	
Interest on Bonds, Notes and Loans	<u>94,204</u>
	102,967
Decreased by:	
Interest Paid	<u>96,298</u>
Balance, December 31, 2020	<u>\$ 6,669</u>

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

Balance, December 31, 2019		\$ 2,822,081
Increased by:		
Principal Paid by Budget Appropriation		
Serial Bonds	\$ 219,167	
Loans	<u>136,897</u>	
		<u>356,064</u>
Balance, December 31, 2020		<u>\$ 3,178,145</u>

STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION

Balance, December 31, 2019		<u>\$ 6,700</u>
Balance, December 31, 2020		<u>\$ 6,700</u>

EXHIBIT E-27

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

Increased by:	
Receipts from Other Trust Fund	<u>\$ 85,039</u>
Balance, December 31, 2020	<u>\$ 85,039</u>

EXHIBIT E-28

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

Balance, December 31, 2019	\$ 209,483
Increased by:	
Payments to Current Fund	<u>1,310,671</u>
Balance, December 31, 2020	<u>\$ 1,520,154</u>

EXHIBIT E-29

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

Balance, December 31, 2019	<u>\$ 600,000</u>
Decreased by:	
Payments to Water Utility Operating Fund	<u>\$ 600,000</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2019</u>	2020 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2020</u>
11-09 / 21-09	Wastewater Improvements	\$ 4,248			\$ 4,248
23-17	Kline/Madison Sewer Improvements	200,000		\$ 200,000	
16-18	Various Sewer Utility Improvements	798,000		798,000	
20-19/30-20	Repair of Sink Holes	500,000	\$ 200,000	500,000	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
		<u>\$ 1,502,248</u>	<u>\$ 1,170,000</u>	<u>\$ 1,498,000</u>	<u>\$ 1,174,248</u>

PARKING UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2019	\$ 4,905,246	\$ 492,925
Increased by Receipts:		
Parking Fees	\$ 833,833	
Ground Lease	495,814	
Nonbudget Revenue	11,367	
Interest Earned		\$ 397
Other Liabilities	549,590	
Premium on Bond Anticipation Notes		11,741
Reserve for Security Deposits	2,475	
Receipts from General Capital Fund	772,500	
Receipts from Parking Utility Operating Fund	<u>-</u>	<u>750,000</u>
	<u>2,665,579</u>	<u>\$ 762,138</u>
	7,570,825	1,255,063
Decreased by Disbursements:		
2020 Budget Appropriations	662,532	
2019 Appropriation Reserves	20,162	
Improvement Authorizations		73,136
Encumbrances Payable	45,755	
Contracts Payable		230,029
Accrued Interest on Bonds and Notes	164,475	
Reserve for Security Deposits	2,415	
Refund of Prior Year Revenue	1,675	
Payments to Current Fund	1,119,598	192,186
Payments to General Capital Fund		759,712
Payments to Parking Utility Capital Fund	<u>750,000</u>	<u>-</u>
	<u>2,766,612</u>	<u>1,255,063</u>
Balance, December 31, 2020	<u>\$ 4,804,213</u>	<u>\$ -</u>

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

	Balance, December 31, <u>2020</u>
Fund Balance	\$ 24,401
Reserve for Future Capital Improvements	186,524
Contracts Payable	9,069
Due from Current Fund	(192,186)
Due from General Capital Fund	(759,712)
Due to Parking Utility Operating Fund	566,627
<u>Improvement Authorizations</u>	
<u>Ord. No.</u>	
9-19 Various Parking Capital Acquisitions and Improvements	230,149
26-20 Purchase and Acquisition of Electric Vehicles	<u>(64,872)</u>
	<u>\$ -</u>

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

<u>Account</u>	Balance, December 31, <u>2019</u>	Balance, December 31, <u>2020</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, 2019	<u>Increased by:</u> 2020 Authorizations	<u>Decreased by:</u> Transfers to Fixed Capital	Balance, December 31, 2020
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
				<u>\$ 750,000</u>	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 830,000</u>

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

Balance, December 31, 2019 (Due to)	\$ 183,770
Decreased by:	
Interest Earned	\$ 397
Payments to Parking Utility Capital Fund	<u>750,000</u>
	<u>750,397</u>
Balance, December 31, 2020 (Due from)	<u>\$ 566,627</u>

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

Balance, December 31, 2019 (Due to)	\$ 559,799
Increased by:	
Payments to Current Fund	<u>1,119,598</u>
Balance, December 31, 2020 (Due from)	<u>\$ 559,799</u>

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

Balance, December 31, 2019	<u>\$ 1,500,000</u>
Balance, December 31, 2020	<u>\$ 1,500,000</u>

**CITY OF RAHWAY
STATEMENT OF 2019 APPROPRIATION RESERVES
PARKING UTILITY OPERATING FUND**

	Balance December 31, <u>2019</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 48,741		\$ 48,741		\$ 48,741
Other Expenses	277,153		277,153	\$ 20,162	256,991
Statutory Expenditures					
Contribution to PERS	12,000		12,000		12,000
Social Security	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
	<u>\$ 362,894</u>	<u>\$ -</u>	<u>\$ 362,894</u>	<u>\$ 20,162</u>	<u>\$ 342,732</u>

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

Balance, December 31, 2019	\$ 45,755
Increased by:	
Charges to Budget Appropriations	<u>52,760</u>
	98,515
Decreased by:	
Cash Disbursements	<u>45,755</u>
Balance, December 31, 2020	<u>\$ 52,760</u>

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

Balance, December 31, 2019	\$ 4,932
Increased by:	
Budget Appropriations	<u>188,862</u>
	193,794
Decreased by:	
Cash Disbursements	<u>164,475</u>
Balance, December 31, 2020	<u>\$ 29,319</u>

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

Balance, December 31, 2019	\$ 3,325
Increased by:	
Cash Receipts	<u>2,475</u>
	5,800
Decreased by:	
Cash Disbursements	<u>2,415</u>
Balance, December 31, 2020	<u>\$ 3,385</u>

**STATEMENT OF PREPAID REVENUE
PARKING UTILITY OPERATING FUND**

Balance, December 31, 2019	<u>\$ 1,453</u>
Decreased by:	
Applied to 2020 Revenue	<u>\$ 1,453</u>

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

Increased by:	
Cash Receipts	<u>\$ 549,590</u>
Balance, December 31, 2020	<u>\$ 549,590</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</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2019</u>	<u>Decreased</u>	<u>Balance, December 31, 2020</u>
			<u>Outstanding</u> <u>December 31, 2020</u>	<u>Date</u>				
2018 Refunding Bonds	12/21/2018	\$ 3,335,000	11/15/2021	\$ 175,000	4.50 %			
			11/15/2022	185,000	4.50			
			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>\$ 3,155,000</u>	<u>\$ 165,000</u>	<u>\$ 2,990,000</u>
						<u>\$ 3,155,000</u>	<u>\$ 165,000</u>	<u>\$ 2,990,000</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, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2020</u>
	Various Parking Utility Capital	7/31/2019	7/29/2020	7/28/2021	2.00%		\$ 750,000		\$ 750,000
9-19	Acquisitions and Improvements		7/31/2019	7/30/2020	3.00%	\$ 750,000	-	\$ 750,000	-
						<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>
						Renewals	<u>\$ 750,000</u>	<u>\$ 750,000</u>	

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

Balance, December 31, 2019	\$ 8,035,396
Increased by:	
Bond Principal Paid by Budget Appropriation	<u>165,000</u>
Balance, December 31, 2020	<u>\$ 8,200,396</u>

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

Balance, December 31, 2019	<u>\$ 186,524</u>
Balance, December 31, 2020	<u>\$ 186,524</u>

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

Balance, December 31, 2019	\$ 239,098
Decreased by:	
Cash Disbursements	<u>230,029</u>
Balance, December 31, 2020	<u>\$ 9,069</u>

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

Increased by:	
Payments to Current Fund	<u>192,186</u>
Balance, December 31, 2020	<u>\$ 192,186</u>

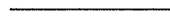
**CITY OF RAHWAY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
PARKING UTILITY CAPITAL FUND**

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2019		2020 Authorizations	Expended	Cancelled Contracts	Balance, December 31, 2020	
			Funded	Unfunded				Funded	Unfunded
9-19	Various Parking Capital Acquisitions and Improvements	\$ 750,000		\$ 238,413		\$ 8,264		\$	230,149
26-20	Purchase and Acquisition of Electric Vehicles	\$ 80,000	-	-	\$ 80,000	64,872	-	-	15,128
			<u>\$ -</u>	<u>\$ 238,413</u>	<u>\$ 80,000</u>	<u>\$ 73,136</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,277</u>
					Cash Disbursements	<u>\$ 73,136</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>2019</u>	2020 <u>Authorizations</u>	Balance, December 31, <u>2020</u>
26-20	Purchase and Acquisition of Electric Vehicles	-	\$ 80,000	80,000
		<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>

CITY OF RAHWAY



PART II

GOVERNMENT AUDITING STANDARDS

AND SINGLE AUDIT



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA
CHRISTINA CUIFFO, CPA

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, 2020, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2021. 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.

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 to determine the 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 2020-001 that we consider to be a significant deficiency.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance 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 and which is described in the accompanying schedule of findings and questioned costs as item 2020-002.

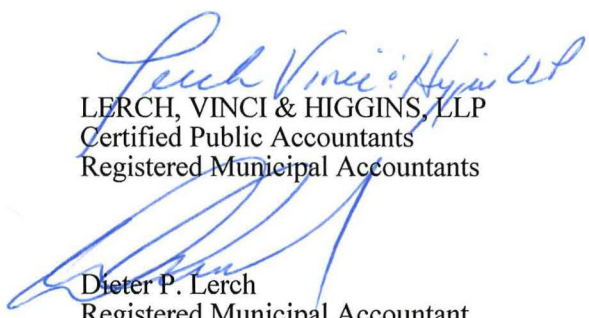
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the City of Rahway in Part III of this report of audit entitled, "Letter of Comments and Recommendations".

City of Rahway's Responses to Findings

The City of Rahway's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City of Rahway's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

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 & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants

Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 30, 2021



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. UNIFORM GUIDANCE**

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

We have audited the City of Rahway’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the City of Rahway’s major federal programs for the year ended December 31, 2020. The City of Rahway’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Rahway’s major federal programs based on our audit of the types of compliance requirements referred to above. 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 as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Those standards and U.S. Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rahway’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Rahway's compliance.

Opinion on Each Major Federal Program

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 programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the City of Rahway is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Rahway's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with U.S. Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rahway's 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 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 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 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.

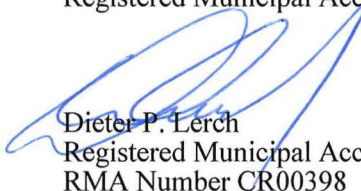
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance

We have audited the financial statements - regulatory basis of the City of Rahway as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated September 30, 2021, which 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 and also contained an unmodified opinion on those financial statements prepared in accordance with the regulatory basis of accounting. 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 is presented for purposes of additional analysis and is 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 is fairly stated in all material respects in relation to the financial statements as a whole.


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Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 30, 2021

CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

	CFDA Number	State Grant Number	Original Grant Award	2020 Receipts	Balance, December 31, 2019	Revenue Realized	Expenditures	Transfers	Adjustment/ Cancellation	Balance, December 31, 2020	Cumulative Total Expenditures
U.S. Department of Housing and Urban Development (Passed Through Union County Dept. of Community Development)											
Program Year 45 (Fiscal Year 2019-2020)											
Senior Citizen Social Services Program			\$ 13,750		\$ 622		\$ 622				\$ 13,750
Policy & Planning			105,000		13,878		13,878				105,000
Community Development Block Grants											
Program Year 46 (Fiscal Year 2020-2021)											
Senior Citizen Social Services Program	14.218	N/A	14,250			\$ 14,250	14,250				14,250
Home Improvement Program			304,000			304,000	201,674		\$ 102,326		201,674
Policy & Planning			105,000			105,000	63,016		41,984		63,016
Code Enforcement Program			27,000			27,000	26,244		756		26,244
Roadway Resurfacing Program			270,000	\$ 85,000		270,000			270,000		
Program Income					96,517	184,728		\$ (110,000)		171,245	
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	4,236
Drunk Driving Enforcement Fund	20.601	1160-100-057	6,702		6,702					6,702	
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	
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)											
CARES Act - Coronavirus Relief Fund	21.019		2,700,000	594,985		2,700,000	\$ 1,299,279			1,400,721	1,299,279
U.S. Department of Justice (Passed Through New Jersey Department of Law and Public Safety)											
Edward Byrne Justice Grant			27,221		21,217		18,895			2,322	24,899
Local Law Enforcement Block Grant - FY 2004			17,548		17,548		-			17,548	
					<u>\$ 177,742</u>	<u>\$ 3,632,038</u>	<u>\$ 1,637,858</u>	<u>\$ (110,000)</u>	<u>\$ -</u>	<u>\$ 2,061,922</u>	

CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>State Grant Program</u>	<u>Account Number</u>	<u>Award Amount</u>	<u>Cash Received</u>	<u>Balance, December 31, 2019</u>	<u>Revenue</u>	<u>Expended</u>	<u>Adjustment</u>	<u>Balance, December 31, 2020</u>	<u>Cumulative Total Expenditures</u>
Department of Community Affairs									
Statewide Livable Communities Grant	8030-100-655	\$ 60,000		\$ 12,396				\$ 12,396	\$ 47,604
Statewide Livable Communities Grant-Essex Street		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	
Clean Communities Grant	N/A	58,394		55,493		1,080		54,413	3,981
		49,610		49,610				49,610	49,610
		47,465		47,465				47,465	
		53,062			53,062			53,062	
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	34,970		17,355		9,632		7,723	27,247
		16,323		16,323				16,323	
Green Acres Program									
Madden Field Improvements (Ord. 26-17)		1,000,000		1,000,000				1,000,000	
Madden Field Improvements (Ord. 18-20)		400,000			400,000			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				1,206	
Click It or Ticket Program	N/A	9,150		8,006				8,006	1,144

CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

State Grant Program	Account Number	Award Amount	Cash Received	Balance, December 31, 2019	Revenue	Expended	Adjustment	Balance, December 31, 2020	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		6,720				6,720	423
Safe and Secure Communities	1020-100-232	174,150		57,743		2,950		54,793	119,357
		55,562		55,562				55,562	
Drug Free Communities	N/A	125,000		30,859		30,859			125,000
		125,000		125,000		23,086		101,914	23,086
		125,000		125,000				125,000	
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		99,733	3,000	3,000		99,733	150,267
Smart Growth Program	N/A	8,000		8,000				8,000	
NJ Health Department Grant	N/A	11,731							11,731
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	\$ 30,560		30,560	12,774		17,786	12,774
Department of Transportation	6320-480-60138X-61								
2011 Road Resurfacings (Ord. 10-11)		190,983							190,983
2014 Road Improvements (Ord. 27-14)		237,820		18,211				18,211	219,609
2019 Road Improvements (Ord. 5-19)		650,000	514,431	181,361		151,521		29,840	620,160
Highway Safety Grant		94,544							94,544
Highway Safety Grant		87,041		75,169		52,924		22,245	64,796
Highway Safety Grant		19,515		19,515				19,515	
				<u>\$ 2,458,626</u>	<u>\$ 497,305</u>	<u>\$ 287,826</u>	<u>\$ -</u>	<u>\$ 2,668,105</u>	

Note: This schedule was not subject to the Single Audit requirements of NJ OMB 15-08.

**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, 2020**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal awards and state financial assistance programs of the City of Rahway. The City is defined in Note 1(A) to the City's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the regulatory basis of accounting as prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey which differ in certain respects from accounting principles generally accepted in the United States of America (GAAP) applicable to local government units. This basis of accounting is described in Note 1 to the City's financial statements.

NOTE 3 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		\$ 97,305	\$ 97,305
General Capital Fund	\$ 2,727,060	400,000	3,127,060
Community Development Grant Fund	<u>904,978</u>	<u>-</u>	<u>904,978</u>
Total Financial Awards	<u>\$ 3,632,038</u>	<u>\$ 497,305</u>	<u>\$ 4,129,343</u>

NOTE 4 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.

**CITY OF RAHWAY
 NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
 AND STATE FINANCIAL ASSISTANCE
 YEAR ENDED DECEMBER 31, 2020**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The City’s federal and state loans outstanding at December 31, 2020, 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	\$ 167,990
Environmental Infrastructure Loans	
Water Utility	13,565,042
Sewer Utility	<u>390,637</u>
	<u>\$ 14,123,669</u>

NOTE 6 DE MINIMIS 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, 2020**

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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	CARES ACT - Coronavirus Relief Fund

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Part I – Summary of Auditor's Results

State Awards Section - Not Applicable

Dollar threshold used to determine Type A programs: \$ _____

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

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

Internal Control over compliance:

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

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

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

Identification of major programs:

GMIS Number(s)	Name of State Program
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2020**

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 2020-001

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 \$43,651,536. The account reconciliations were not in agreement with cash balances reflected on the general ledger. Unidentified cash balances of \$561,560 in the Current Fund and \$549,590 in the Parking Utility Fund were noted.

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, 2020**

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 2020-002

Our audit of City contracts exceeding the bid threshold indicated the following:

- A sewer jet-vac was acquired through the utilization of a national cooperative purchasing agreement. Such contract was not publicly advertised and a cost-savings determination was not performed as required.
- Expenditures for emergency HVAX improvements to City buildings were incurred. A required statement of emergency was not obtained and such contract was not approved in the minutes.
- The City purchased outdoor dining gazebos without solicitation of bids through public advertisement. In addition, such contract was not approved in the official minutes.

Criteria or Specific Requirement

Local Public Contracts Law

Condition

Expenditures were incurred, the cost of which exceeded the bid threshold, without adherence to statutory requirements.

Questioned Costs

None.

Context

Expenditures of \$352,180 were incurred for the acquisition of a sewer jet-vac. The City utilized a national cooperative purchasing agreement for this acquisition. Statutory requirements with respect to advertisement and cost-savings determination were not followed.

Expenditures of \$102,730 were incurred for emergency HVAC improvement to City buildings. The required statement of emergency was not obtained and the contract was not approved by the governing body in the official minutes.

Expenditures of \$82,000 were incurred for the acquisition and installation of outdoor dining gazebos. This contract was not approved by the governing body in the official minutes. Furthermore, the acquisition was made without publicly advertising for bids.

Effect

The City was not in compliance with the Local Public Contracts Law.

Recommendation

All contracts in excess of the bid threshold be awarded in accordance with the Local Public Contracts Law.

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, 2020**

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

Not Applicable.

**CITY OF RAHWAY
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

There were none.

CITY OF RAHWAY



PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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

	Year Ended		Year Ended	
	December 31, 2020		December 31, 2019	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Anticipated	\$ 2,250,000	1.81 %	\$ 2,250,000	1.81 %
Miscellaneous - From Other Than Local				
Property Tax Levies	15,275,525	12.29	15,003,406	12.07
Collection of Delinquent Taxes and Tax Title Liens	1,359,137	1.09	1,661,673	1.34
Collection of Current Tax Levy	97,697,260	78.60	96,436,716	77.59
Other Credits to Income	<u>7,709,324</u>	<u>6.19</u>	<u>7,410,382</u>	<u>5.95</u>
 Total Income	 <u>124,291,246</u>	 <u>100.00</u> %	 <u>122,762,177</u>	 <u>98.77</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	56,497,214	46.99 %	53,818,269	44.76 %
County Taxes	15,144,201	12.60	14,603,284	12.15
Local School Taxes	45,342,308	37.71	44,940,280	37.38
Special Improvement Taxes	250,000	0.21	130,000	0.11
Other Expenditures	<u>2,995,410</u>	<u>2.48</u>	<u>5,881,122</u>	<u>4.88</u>
 Total Expenditures	 <u>120,229,133</u>	 <u>100.00</u> %	 <u>119,372,955</u>	 <u>99.29</u> %
 Excess in Revenue	 4,062,113		 3,389,222	
 Fund Balance, Beginning of Year	 <u>5,667,414</u>		 <u>4,528,192</u>	
	9,729,527		7,917,414	
 Less Utilization as Anticipated Revenue	 <u>2,250,000</u>		 <u>2,250,000</u>	
 Fund Balance, End of Year	 <u>\$ 7,479,527</u>		 <u>\$ 5,667,414</u>	

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

	Year Ended <u>December 31, 2020</u>		Year Ended <u>December 31, 2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Collection of Water Rents	\$ 7,387,972	96.10 %	\$ 7,538,160	98.06 %
Miscellaneous - From Other Than Water Rents	<u>299,501</u>	<u>3.90</u>	<u>393,355</u>	<u>5.12</u>
Total Income	<u>7,687,473</u>	<u>100.00</u> %	<u>7,931,515</u>	<u>103.17</u> %
EXPENDITURES				
Budget Expenditures				
Operating	4,800,000	69.49 %	4,690,000	67.90 %
Capital Improvements	500,000	7.24		
Deferred Charges		-		-
Debt Service	1,605,456	23.24	1,595,668	23.10
Other Expenditures				
Refund of Prior Year Revenue	<u>1,801</u>	<u>0.03</u>	<u>1,246</u>	<u>0.02</u>
Total Expenditures	<u>6,907,257</u>	<u>100.00</u> %	<u>6,286,914</u>	<u>91.02</u> %
Excess (Deficiency) in Revenues Over (Under) Expenditures	780,216		1,644,601	
Adjustments to Income Before Fund Balance				
Expenditures Included Above which by Statute are Required to be Raised in Subsequent Year Surplus to General Budget	<u>-</u>		<u>(904,332)</u>	
Statutory Excess to Fund Balance Operating Deficit	780,216		740,269	
Fund Balance, Beginning of Year	<u>2,360,533</u>		<u>1,620,264</u>	
Fund Balance, End of Year	<u>\$ 3,140,749</u>		<u>\$ 2,360,533</u>	

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

	Year Ended <u>December 31, 2020</u>		Year Ended <u>December 31, 2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Anticipated	\$ 250,000	4.45 %	\$ 250,000	4.44 %
Rents	4,996,492	88.70	5,086,645	90.30
Industrial Sewer Flow Charges	250,306	4.44	303,367	5.39
Miscellaneous - From Other Than Sewer Rents	136,014	2.41	77,001	1.37
Other Credits to Income	-	-	-	-
Total Income	<u>5,632,812</u>	<u>100.00 %</u>	<u>5,717,013</u>	<u>101.49 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	4,775,000	91.17 %	4,460,180	85.16 %
Deferred Charges and Statutory Expenditures	12,000	0.23	12,000	0.23
Debt Service	<u>450,268</u>	<u>8.60</u>	<u>409,083</u>	<u>7.81</u>
Total Expenditures	<u>5,237,268</u>	<u>100.00 %</u>	<u>4,881,263</u>	<u>93.20 %</u>
Excess in Revenue	395,544		835,750	
Adjustments to Income Before Fund Balance				
Expenditures Included Above which by Statute are Required to be Raised in Subsequent Year Surplus to General Budget	-		(403,591)	
Statutory Excess to Fund Balance	395,544		432,159	
Fund Balance, Beginning of Year	<u>2,112,108</u>		<u>1,929,949</u>	
	2,507,652		2,362,108	
Less Utilization as Anticipated Revenue	<u>250,000</u>		<u>250,000</u>	
Fund Balance, End of Year	<u>\$ 2,257,652</u>		<u>\$ 2,112,108</u>	

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

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Parking Fees	\$ 835,286	49.56%	\$ 1,722,026	74.07%
Miscellaneous - Other than Parking Fees	507,578	30.11%	602,783	25.93%
Other Credits to Income	<u>342,732</u>	<u>20.33%</u>	<u>-</u>	<u>0.00%</u>
Total Income	<u>1,685,596</u>	<u>100.00%</u> %	<u>2,324,809</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	915,000	69.98%	915,000	71.93%
Deferred Charges and Statutory Expenditures	37,000	2.83%	37,000	2.91%
Debt Service	353,862	27.06%	320,000	25.16%
Other Expenditures				
Refund of Prior Year Revenue	<u>1,675</u>	<u>0.13%</u>	<u>-</u>	<u>0.00%</u>
Total Expenditures	<u>1,307,537</u>	<u>99.87%</u>	<u>1,272,000</u>	<u>100.00%</u>
Excess in Revenue	378,059		1,052,809	
Adjustments to Income Before Fund Balance				
Expenditures Included Above which by Statute are Required to be Raised in Subsequent Year Surplus to General Budget	<u>-</u>		<u>(270,000)</u>	
Statutory Excess to Fund Balance	378,059		782,809	
Fund Balance, Beginning of Year	<u>2,243,318</u>		<u>1,460,509</u>	
	2,621,377		2,243,318	
Less Utilization as Anticipated Revenue	<u>-</u>		<u>-</u>	
Fund Balance, End of Year	<u>\$ 2,621,377</u>		<u>\$ 2,243,318</u>	

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Tax Rate - Calendar Year</u>	<u>\$6.925</u>	<u>\$6.837</u>	<u>\$6.693</u>
<u>Apportionment of Tax Rate</u>			
Municipal (1)	2.716	2.679	2.642
County	1.051	1.018	.951
Local School	3.158	3.140	3.100

(1) Includes Library

Assessed Valuation

2020	<u>\$1,435,801,351</u>	
2019		<u>\$1,431,290,451</u>
2018		<u>\$1,4428,223,565</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>
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%
2017	94,935,013	93,034,904	97.99%
2016	93,350,313	91,842,321	98.38%

**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>
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%
2017	452,502	1,815,306	2,267,808	2.39%
2016	422,273	1,431,810	1,854,083	1.99%

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>
2020	\$ 2,664,500
2019	2,664,500
2018	2,644,500
2017	2,644,300
2016	2,644,300

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection*</u>
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
2017	6,877,520	6,752,350	98.18
2016	6,456,203	6,368,360	98.64

*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>
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
2017	4,697,232	4,577,871	97.45
2016	4,506,511	4,488,364	99.59

*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	2020	\$7,479,527	\$2,500,000
	2019	5,667,414	2,250,000
	2018	4,528,192	2,250,000
	2017	5,135,781	2,500,000
	2016	6,030,986	2,200,000
Water Utility Operating Fund	2020	\$3,140,749	\$-0-
	2019	2,360,533	-0-
	2018	1,620,264	-0-
	2017	655,634	-0-
	2016	655,364	-0-
Sewer Utility Operating Fund	2020	\$2,257,652	\$250,000
	2019	2,112,108	250,000
	2018	1,929,949	250,000
	2017	1,626,676	250,000
	2016	1,766,196	250,000
Parking Utility Operating Fund	2020	\$2,621,377	\$337,000
	2019	2,243,318	-0-
	2018	1,460,509	-0-
(Inception Year)			

**CITY OF RAHWAY
OFFICIALS IN OFFICE AND SURETY BONDS
AS OF DECEMBER 31, 2020**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Raymond Giacobbe, Jr.	Mayor	
James E. Baker	Councilmember-at-Large	
Joanna Miles	Councilmember-at-Large, Council Vice 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	
Danielle Newbury	Councilmember - Ward 5, Council President	
Joseph D. Gigilisco	Councilmember – Ward 6	
Robert M. Landolfi	Business Administrator	\$50,000 (A)
Jeff Jotz	City Clerk	
Michael Smalling	Director of Public Works and Engineering	50,000 (A)
John Rodger	Director/Chief of Police/Emergency Management Coordinator	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 Diege, Jr.	Director of Parks and Recreation	50,000 (A)
Louis N. Rainone, Esq.	Director of Law	
Roman Montes	Municipal Judge	50,000 (A)
Marylene Shepard	Court Administrator	100,000 (B)
Thomas Mancuso	Director of Assessments/Tax Assessor	50,000 (A)
Richard Watkins	Construction Code Official	50,000 (A)
Jacqueline Foushee	Director of Community Development/City Engineer	
Dennis Green	Director of Health	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**

Prior Year Unresolved

Our audit revealed numerous purchase orders remains open in the P.O. report that are no longer valid. It is recommended that open purchase order report be reviewed and all invalid purchase orders be cancelled.

Our audit revealed several old checks remain outstanding on the reconciliation of the Current Fund bank account. It is recommended that old outstanding checks be cleared of record.

The audit revealed no cash receipt ledger is being maintained by the Senior Center. It is recommended that a cash receipt ledger be maintained for monies collected by the Senior Center.

Our audit indicated that the remaining balance of funds from the NJEIT water utility loan have not been received by the City. It is recommended that the balance of the NJEIT Water Utility Loan be drawn down.

Our audit indicated that the net payroll, payroll agency and escrow trust fund bank accounts were not reconciled. It is recommended that the City's Trust fund bank accounts be reconciled on a monthly basis.

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
2020 NJ DOT Roadway Resurfacing Project
2020 Sidewalk Improvement Program

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.

**CITY OF RAHWAY
GENERAL COMMENTS**

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.

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 6, 2019 and was complete. There was no tax sale held in 2020 due to COVID 19.

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>
2020	9
2019	11
2018	12
2017	12
2016	12

**CITY OF RAHWAY
RECOMMENDATIONS**

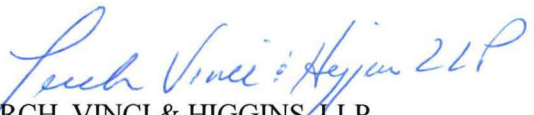
It is recommended that


- * 1. The open purchase order report be reviewed and all invalid purchase orders be cancelled.
- * 2. Old outstanding checks be cleared of record.
- * 3. A cash receipt ledger be maintained for monies collected by the Senior Center.
- * 4. The balance of the NJEIT Water Utility Loan be drawn down.
- * 5. The City's Trust Fund bank accounts be reconciled on a monthly basis.
- 6. The general ledger be reviewed monthly and reconciled to the bank reconciliations.
- 7. All contracts in excess of the bid threshold be awarded in accordance with the Local Public Contracts Law.

A review was performed on all prior years' recommendations and corrective action was taken all other than those 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 & HIGGINS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Certified Public Accountant
RMA Number CR00398