

CITY OF RAHWAY
UNION COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2021

CITY OF RAHWAY

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
<u>PART I – Report on Audit of Financial Statements and Supplementary Schedules</u>		
	Independent Auditor’s Report	1-3
	Financial Statements	
A	Comparative Balance Sheets – Regulatory Basis - Current Fund	4-5
A-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Current Fund	6
A-2	Statement of Revenues – Regulatory Basis – Current Fund	7-9
A-3	Statement of Expenditures – Regulatory Basis – Current Fund	10-14
B	Comparative Balance Sheets – Regulatory Basis - Trust Fund	15-16
B-1	Statements of Changes in Fund Balance – Regulatory Basis – Other Trust Fund	17
C	Comparative Balance Sheets – Regulatory Basis - General Capital Fund	18
C-1	Comparative Statements of Changes in Fund Balance – Regulatory Basis – General Capital Fund	19
D	Comparative Balance Sheets – Regulatory Basis - Water Utility Fund	20-21
D-1	Comparative Statements of Operations and Changes in Fund Balance - Regulatory Basis - Water Utility Operating Fund	22
D-2	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Water Utility Capital Fund	23
D-3	Statement of Revenues – Regulatory Basis -Water Utility Operating Fund	24
D-4	Statement of Expenditures – Regulatory Basis - Water Utility Operating Fund	25
E	Comparative Balance Sheets – Regulatory Basis – Sewer Utility Fund	26-27
E-1	Comparative Statements of Operations and Changes in Fund Balance – Regulatory Basis – Sewer Utility Operating Fund	28
E-2	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Sewer Utility Capital Fund	29
E-3	Statement of Revenues – Regulatory Basis – Sewer Utility Operating Fund	30
E-4	Statement of Expenditures – Regulatory Basis – Sewer Utility Operating Fund	31
F	Balance Sheet – Regulatory Basis – Parking Utility Fund	32-33
F-1	Statement of Operations and Changes in Fund Balance – Regulatory Basis – Parking Utility Operating Fund	34
F-2	Comparative Statements of Changes in Fund Balance – Regulatory Basis – Parking Utility Capital Fund	35
F-3	Statement of Revenues – Regulatory Basis – Parking Utility Operating Fund	36
F-4	Statement of Expenditures – Regulatory Basis – Parking Utility Operating Fund	37
G	Comparative Balance Sheets – Regulatory Basis – General Fixed Assets Account Group	38
	Notes to the Financial Statements	39-94
	Supplementary Schedules	
	<u>Current Fund</u>	
A-4	Statement of Cash - Treasurer	95
A-5	Statement of Change Funds	96
A-6	Statement of Grants Receivable	97
A-7	Statement of Due from State of New Jersey – Senior Citizen and Veterans Deductions	98
A-8	Statement of Taxes Receivable and Analysis of Property Tax Levy	99
A-9	Statement of Tax Title Liens	100
A-10	Statement of Property Acquired for Taxes	100

CITY OF RAHWAY

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Current Fund</u>		
A-11	Statement of Revenue Accounts Receivable	101
A-12	Statement of Other Liens Receivable	102
A-13	Statement of Due From Rahway Redevelopment Agency	102
A-14	Statement of 2020 Appropriation Reserves	103-104
A-15	Statement of Encumbrances Payable	105
A-16	Statement of Accounts Payable	105
A-17	Statement of Other Liabilities	105
A-18	Statement of Tax Overpayments	106
A-19	Statement of Prepaid Taxes	106
A-20	Statement of Reserve for Federal and State Grants – Unappropriated	107
A-21	Statement of Appropriated Reserves for Grants	108
A-22	Statement of County Taxes Payable	109
A-23	Statement of Amount Due County for Added Taxes	109
A-24	Statement of Local District School Taxes Payable	109
A-25	Statement of Special Improvement District Taxes Payable	110
A-26	Statement of Reserve for Tax Appeals	110
A-27	Statement of Deferred Charges	110
<u>Trust Fund</u>		
B-2	Statement of Cash and Investments	111
B-3	Statement of Amount Due To State of New Jersey – Animal Control Fund	112
B-4	Statement of Reserve for Animal Control Expenditures	112
B-5	Statement of Due to Current Fund – Animal Control Fund	112
B-6	Statement of Community Development Block Grants Receivable	113
B-7	Statement of Loans Receivable – Community Development Trust Fund	114
B-8	Statement of Deferred Loans Receivable – Community Development Trust Fund	114
B-9	Statement of Encumbrances Payable – Community Development Trust Fund	114
B-10	Statement of Reserve for Community Development Expenditures	115
B-11	Statement of Reserve for Workers’ Compensation Claims	116
B-12	Statement of Reserve for Unemployment Compensation Claims	116
B-13	Statement of Due from/to Current Fund – Self Insurance Trust Fund	117
B-14	Statement of Due to State of New Jersey – Self Insurance Trust Fund	117
B-15	Statement of Miscellaneous Deposits and Reserves	118
B-16	Statement of Due from Current Fund – Other Trust Fund	119
B-17	Statement of Other Liabilities	119
B-18	Statement of Reserve for Payroll Deductions Payable	120
B-19	Statement of Accrued Salaries and Wages	120
B-20	Statement of Reserve for Flex Spending – Self Insurance Trust Fund	120
B-21	Statement of Due to Current Fund – Community Development Trust Fund	121
B-22	Statement of Due to General Capital Fund – Community Development Trust Fund	121
B-23	Statement of Due from Other Trust Fund – Self Insurance Trust Fund	121

CITY OF RAHWAY

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>General Capital Fund</u>		
C-2	Statement of General Capital Cash - Treasurer	122
C-3	Analysis of General Capital Cash	123
C-4	Statement of Due from Current Fund	124
C-5	Statement of Deferred Charges to Future Taxation - Funded	124
C-6	Statement of Deferred Charges Unfunded	125
C-7	Statement of Improvement Authorizations	126
C-8	Statement of General Serial Bonds	127-129
C-9	Statement of Grants Receivable	130
C-10	Statement of Bond Anticipation Notes	131
C-11	Statement of Green Acres Loan Payable	132
C-12	Statement of Capital Improvement Fund	132
C-13	Statement of Due to Rahway Redevelopment Agency	133
C-14	Statement of Contracts Payable	133
C-15	Statement of Reserve of Payment of Debt	133
C-16	Statement of Due from Parking Utility Operating Fund	134
C-17	Statement of Due to Parking Utility Capital Fund	134
C-18	Statement of Deferred Charge – Overexpenditure of Ordinance	134
C-18	Statement of Bonds and Notes Authorized But Not Issued	135
<u>Water Utility Fund</u>		
D-5	Statement of Cash – Collector/Treasurer – Water Utility Cash	136
D-6	Analysis of Cash – Water Utility Capital Fund	137
D-7	Statement of Change Fund - Water Utility Operating Fund	138
D-8	Statement of Fixed Capital – Water Utility Capital Fund	138
D-9	Statement of Fixed Capital Authorized and Uncompleted – Water Utility Capital Fund	139
D-10	Statement of Consumer Accounts Receivable – Water Utility Operating Fund	140
D-11	Statement of 2020 Appropriation Reserves – Water Utility Operating Fund	141
D-12	Statement of Encumbrances Payable – Water Utility Operating Fund	142
D-13	Statement of Accounts Payable and Other Liabilities	142
D-14	Statement of Due From Water Utility Capital Fund – Water Utility Operating Fund	142
D-15	Statement of Due from Current Fund – Water Utility Operating Fund	143
D-16	Statement of Due to General Capital Fund – Water Utility Capital Fund	143
D-17	Statement of Reserve for Future Capital Improvements – Water Utility Capital Fund	143

CITY OF RAHWAY

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Water Utility Fund</u>		
D-18	Statement of Improvement Authorizations - Water Utility Capital Fund	144
D-19	Statement of Contracts Payable – Water Utility Capital Fund	145
D-20	Statement of Reserve for Amortization – Water Utility Capital Fund	145
D-21	Statement of Reserve for Deferred Amortization – Water Utility Capital Fund	145
D-22	Statement of Water Serial Bonds – Water Utility Capital Fund	146
D-23	Statement of Bond Anticipation Notes – Water Utility Capital Fund	147
D-24	Statement of NJ EIT Loan Payable – Water Utility Capital Fund	148
D-25	Statement of Capital Improvement Fund – Water Utility Capital Fund	148
D-26	Statement of Accrued Interest Payable on Bonds and Notes – Water Utility Operating Fund	148
D-27	Statement of Bonds and Notes Authorized But Not Issued – Water Utility Capital Fund	149
<u>Sewer Utility Fund</u>		
E-5	Statement of Cash – Collector/Treasurer - Sewer Utility Cash	150
E-6	Analysis of Cash – Sewer Utility Capital Fund	151
E-7	Statement of Consumer Accounts Receivable – Sewer Utility Operating Fund	152
E-8	Statement of Fixed Capital – Sewer Utility Capital Fund	153
E-9	Statement of Fixed Capital Authorized and Uncompleted – Sewer Utility Capital Fund	154
E-10	Statement of Due from/to Current Fund – Sewer Utility Operating Fund	155
E-11	Statement of Due to General Capital Fund – Sewer Utility Capital Fund	155
E-12	Statement of Due from Water Utility Operating Fund – Sewer Utility Operating Fund	156
E-13	Statement of Due to Sewer Utility Operating Fund – Sewer Utility Capital Fund	156
E-14	Statement of Due to General Capital Fund – Sewer Utility Capital Fund	156
E-15	Statement of 2020 Appropriation Reserves – Sewer Utility Operating Fund	157
E-16	Statement of Encumbrances Payable – Sewer Utility Operating Fund	157
E-17	Statement of Accounts Payable – Sewer Utility Operating Fund	158
E-18	Statement of General Serial Bonds – Sewer Utility Capital Fund	159
E-19	Statement of Environmental Infrastructure Loan Payable – Sewer Utility Capital Fund	160
E-20	Statement of Bond Anticipation Notes – Sewer Utility Capital Fund	161
E-21	Statement of Improvement Authorizations – Sewer Utility Capital Fund	162
E-22	Statement of Contracts Payable – Sewer Utility Capital Fund	163
E-23	Statement of Capital Improvement Fund – Sewer Utility Capital Fund	163
E-24	Statement of Accrued Interest on Bonds and Loans – Sewer Utility Operating Fund	163
E-25	Statement of Reserve for Amortization – Sewer Utility Capital Fund	164
E-26	Statement of Reserve for Deferred Amortization	164
E-27	Statement of Due to Other Trust Fund – Sewer Utility Capital Fund	165
E-28	Statement of Due From Current Fund – Sewer Utility Capital Fund	165
E-29	Statement of Due to Other Trust Fund – Sewer Utility Operating Fund	165
E-30	Statement of Bonds and Notes Authorized But Not Issued – Sewer Utility Capital Fund	166

CITY OF RAHWAY

TABLE OF CONTENTS

<u>Exhibits</u>		<u>Page</u>
Supplementary Schedules (Continued)		
<u>Parking Utility Fund</u>		
F-5	Statement of Cash – Collector/Treasurer	167
F-6	Analysis of Cash – Parking Utility Capital Fund	168
F-7	Statement of Fixed Capital – Parking Utility Capital Fund	169
F-8	Statement of Fixed Capital Authorized and Uncompleted – Parking Utility Capital Fund	170
F-9	Statement of Due from Parking Utility Capital Fund – Parking Utility Operating Fund	171
F-10	Statement of Due from Current Fund – Parking Utility Operating Fund	171
F-11	Statement of Reserve for Rate Stabilization – Parking Utility Operating Fund	171
F-12	Statement of 2020 Appropriation Reserves – Parking Utility Operating Fund	172
F-13	Statement of Encumbrances Payable – Parking Utility Operating Fund	173
F-14	Statement of Accounts Payable – Parking Utility Operating Fund	173
F-15	Statement of Accrued Interest on Bonds and Notes – Parking Utility Operating Fund	173
F-16	Statement of Reserve for Security Deposits - Parking Utility Operating Fund	174
F-17	Statement of Other Liabilities – Parking Utility Operating Fund	174
F-18	Statement of Due to Rahway Redevelopment Agency – Parking Utility Operating Fund	174
F-19	Statement of General Serial Bonds – Parking Utility Capital Fund	175
F-20	Statement of Bond Anticipation Notes – Parking Utility Capital Fund	176
F-21	Statement of Reserve for Amortization – Parking Utility Capital Fund	177
F-22	Statement of Reserve for Future Capital Improvements – Parking Utility Capital Fund	177
F-23	Statement of Contracts Payable – Parking Utility Capital Fund	177
F-24	Statement of Due from Current Fund – Parking Utility Capital Fund	177
F-25	Statement of Improvement Authorizations – Parking Utility Capital Fund	178
F-26	Statement of Bonds and Notes Authorized But Not Issued – Parking Utility Capital Fund	179
<u>PART II – Government Auditing Standards and Single Audit</u>		
	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	180-181
	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	182-184
	Schedule of Expenditures of Federal Awards – Schedule A	185
	Schedule of Expenditures of State Financial Assistance – Schedule B	186-187
	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	188-189
	Schedule of Findings and Questioned Costs	190-194
	Summary Schedule of Prior-Year Audit Findings and Questioned Costs	195

CITY OF RAHWAY
TABLE OF CONTENTS

Exhibits

Page

PART III – Supporting Data and Letter of Comments and Recommendations

Comparative Statements of Operations and Changes in Fund Balance - Current Fund	196
Comparative Statements of Operations and Changes in Fund Balance - Water Utility Operating Fund	197
Comparative Statements of Operations and Changes in Fund Balance – Sewer Utility Operating Fund	198
Comparative Statements of Operations and Changes in Fund Balance – Parking Utility Operating Fund	199
Comparative Schedule of Tax Rate Information	200
Comparison of Tax Levies and Collection Currently	200
Delinquent Taxes and Tax Title Liens	201
Property Acquired by Tax Title Lien Liquidation	201
Comparison of Water Utility Levies	201
Comparison of Sewer Utility Levies	201
Comparative Schedule of Fund Balance	202
Officials in Office and Surety Bonds	203
General Comments	204-205
Recommendations	206

CITY OF RAHWAY

COUNTY OF UNION

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the City of Rahway, as of December 31, 2021 and 2020, and the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements – regulatory basis referred to above present fairly, in all material respects, the financial position – regulatory basis of the various funds and account group of the City of Rahway as of December 31, 2021 and 2020, and the results of operations and changes in fund balance – regulatory basis of such funds for the years then ended and the respective revenues – regulatory basis and expenditures – regulatory basis of the various funds for the year ended December 31, 2021 in accordance with the financial accounting and reporting provisions and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Rahway as of December 31, 2021 and 2020, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Rahway on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities.

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, we:

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

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

Supplementary Information

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


Other Information

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

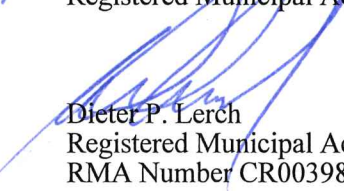
In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 30, 2022 on our consideration of the City of Rahway’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Rahway’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Rahway’s internal control over financial reporting and compliance.



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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 30, 2022

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash	A-4	\$ 23,815,740	\$ 21,881,831
Cash - Change Funds	A-5	1,595	1,595
Grants Receivable	A-6	690,401	532,785
Due from State of New Jersey - Senior Citizen and Veterans Deductions	A-7	<u>76,499</u>	<u>69,718</u>
		<u>24,584,235</u>	<u>22,485,929</u>
Receivables with Full Reserves			
Taxes Receivable	A-8	1,277,495	1,981,743
Tax Title Liens Receivable	A-9	707,235	484,349
Property Acquired for Taxes (Assessed Value)	A-10	2,664,500	2,664,500
Revenue Accounts Receivable	A-11	29,944	15,952
Other Liens Receivable	A-12	124,508	41,552
Prepaid School Taxes	A-24	691,000	691,007
CARES Act Receivable	A-6		2,105,015
Due from Rahway Redevelopment Agency	A-13	10,654	
Due from Animal Control Fund	B-5	6,900	
Due from Self Insurance Trust Fund	B-13	45,087	
Due from CDBG Trust Fund	B-21	33,052	56,800
Due from Sewer Utility Operating Fund	E-10	<u>1,334,283</u>	<u>-</u>
		<u>6,924,658</u>	<u>8,040,918</u>
Deferred Charges			
Special Emergency Appropriation	A-27	<u>1,850,000</u>	<u>1,850,000</u>
		<u>1,850,000</u>	<u>1,850,000</u>
Total Assets		<u>\$ 33,358,893</u>	<u>\$ 32,376,847</u>

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3, A-14	\$ 1,379,421	\$ 1,284,223
Encumbrances Payable	A-15	1,434,071	1,500,206
Accounts Payable	A-16	291,466	198,384
Other Liabilities	A-17		561,560
Tax Overpayments	A-18	8,408	11,082
Prepaid Taxes	A-19	543,988	518,985
County Taxes Payable	A-23	58,378	44,602
Due to Other Trust Fund	B-16	679,800	388,454
Due to Self Insurance Trust Fund	B-13		73
Due to General Capital Fund	C-4	5,363,927	4,216,959
Due to Water Utility Operating Fund	D-15	1,687,306	1,014,380
Due to Sewer Utility Operating Fund	E-10		356,740
Due to Sewer Utility Capital Fund	E-28	1,520,154	1,520,154
Due to Parking Utility Operating Fund	F-10	522,799	559,799
Due to Parking Utility Capital Fund	F-24	192,186	192,186
Due to Rahway Redevelopment Agency	A-13		166,467
Reserve for Special Improvement District Taxes	A-25	103,570	336,570
Reserve for Federal and State Grants - Unappropriated	A-20	436,115	105,422
Reserve for Federal and State Grants - Appropriated	A-21	2,001,639	3,130,497
Reserve for Tax Appeals	A-26	<u>749,659</u>	<u>749,659</u>
		16,972,887	16,856,402
Reserve for Receivables	A	6,924,658	8,040,918
Fund Balance	A-1	<u>9,461,348</u>	<u>7,479,527</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 33,358,893</u>	<u>\$ 32,376,847</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS- CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Anticipated	A-2	\$ 2,500,000	\$ 2,250,000
Miscellaneous Revenue Anticipated	A-2	14,731,013	14,935,824
Receipts from Delinquent Taxes	A-2	1,884,999	1,359,137
Receipts from Current Taxes	A-2	99,461,626	97,697,260
Non-Budget Revenues	A-2	1,456,011	339,701
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-14	1,395,376	644,422
Cancelled Prior Year Liabilities	A-17	561,560	
Interfunds Liquidated	A	2,161,815	5,214,902
COVID Special Emergency	A-27		1,850,000
Liquidation of Reserve for Prepaid School Taxes	A-24	7	
Statutory Excess - Animal Control Trust Fund	A	<u>6,877</u>	<u>-</u>
 Total Income		 <u>124,159,284</u>	 <u>124,291,246</u>
EXPENDITURES			
Budget Appropriations			
Salaries and Wages	A-3	24,497,200	23,118,189
Other Expenses	A-3	18,565,475	20,477,930
Deferred Charges and Statutory Expenditures	A-3	6,256,337	5,689,988
Capital Improvements	A-3	250,000	250,000
Municipal Debt Service	A-3	7,161,755	6,961,107
County Taxes	A-22	14,442,889	15,099,599
Amount Due County for Added and Omitted Taxes	A-23	58,378	44,602
Local District School Tax	A-24	46,603,673	45,342,308
Special Improvement District Tax	A-25	325,000	250,000
Interfunds Advanced	A	1,429,976	2,161,815
Reserve for Prepaid School Taxes	A-24		691,007
Refund of Prior Year Revenue and Taxes	A-4	<u>86,780</u>	<u>142,588</u>
 Total Expenditures		 <u>119,677,463</u>	 <u>120,229,133</u>
 Excess in Revenue		 4,481,821	 4,062,113
Fund Balance, Beginning of Year	A	<u>7,479,527</u>	<u>5,667,414</u>
		11,961,348	9,729,527
Decreased by:			
Utilized as Anticipated Revenue	A-1,A-2	<u>2,500,000</u>	<u>2,250,000</u>
Fund Balance, End of Year	A	<u>\$ 9,461,348</u>	<u>\$ 7,479,527</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, 2021

	<u>Reference</u>	<u>Adopted Budget</u>	<u>Added by NJSA 40A:4-87</u>	<u>Actual</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-2	\$ 2,500,000	-	\$ 2,500,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	54,000		53,040	\$ (960)
Other	A-11	5,000		4,635	(365)
Fees and Permits	A-11	96,000		122,574	26,574
Fines and Costs					
Municipal Court	A-11	593,000		332,051	(260,949)
Interest and Costs on Taxes	A-11	344,000		452,452	108,452
Interest on Investments and Deposits	A-2	80,000		61,109	(18,891)
Anticipated Utility Operating Surplus- Water	A-11, D-4	783,417			(783,417)
Anticipated Utility Operating Surplus- Sewer	A-11, E-4	421,925			(421,925)
Anticipated Utility Operating Surplus - Parking	A-11, F-4	403,450			(403,450)
Police Department Fees	A-11	71,000		104,391	33,391
Payments in Lieu of Taxes (PILOT)					
Lower Essex St. - Denholtz Management	A-11	527,000		522,993	(4,007)
Rosegate	A-11	14,000		25,000	11,000
Housing Authority	A-11	120,000		134,098	14,098
Senior Citizen Housing	A-11	333,000		339,480	6,480
Meyers Sr. Residence	A-11	29,000		30,244	1,244
Metro	A-11	157,000		137,209	(19,791)
Waters Edge	A-11	182,000		181,657	(343)
Lafayette	A-11	245,000		244,542	(458)
Reva	A-11	157,000		439,622	282,622
Artist Housing	A-11	32,000		18,462	(13,538)
Cellular Phone Tower Fees	A-11	445,000		478,136	33,136
Vacant/Foreclosure House Registration	A-11	313,000		297,050	(15,950)
Police Security - Administrative Fees	A-11	279,000		69,780	(209,220)
Planning Board Application Fees	A-11	5,000		33,670	28,670
Street Open Permits	A-11	58,000		34,419	(23,581)
UCC Penalties	A-11	13,000		14,010	1,010
Comcast Cable Franchise Fee	A-11	88,000		86,363	(1,637)
Uniform Construction Code Fees	A-11	675,000		1,090,280	415,280
State Aid Without Offsetting Appropriations					
Consolidated Municipal Property Tax Relief Aid	A-11	356,643		356,643	
Energy Receipts Taxes	A-11	3,652,330		3,652,330	

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 47,846		\$ 47,846	
Multiple Housing Inspections	A-6, A-20	7,328	\$ 17,750	25,078	
Grahill Charitable Trust	A-20	10,000		10,000	
Recycling Tonnage	A-20	16,338		16,338	
Body Armor Replacement Program	A-20	6,795		6,795	
NJ County Health Grant	A-20	5,615		5,615	
CLEP Grant	A-20	7,000		7,000	
Green the Streets	A-20	4,500		4,500	
Bulletproof Vest Partnership	A-6		10,461	10,461	
Recreation Opportunities for Individuals with Disabilities	A-6		20,000	20,000	
Strengthening Local Health Capacity	A-6		291,042	291,042	
Other Special Items of Revenue					
U.C.U.A. - Host Community Fees	A-11	2,350,000		2,365,676	\$ 15,676
U.C.U.A. - Host Community Fees - Excess Tonnage	A-11	431,000		433,179	2,179
Solid Waste Fees					
Rahway Housing Authority	A-11	30,000		31,000	1,000
Rahway Board of Education	A-11	6,000		6,000	
Bulky Waste Fees					
Kenilworth	A-11	50,000		45,742	(4,258)
Outside Health Services					
Scotch Plains	A-11	35,000		70,000	35,000
Hillside	A-11	11,000			(11,000)
Winfield	A-11	5,000		8,364	3,364
American Rescue Plan	A-11	1,207,393		1,207,393	
Reserve for Payment of Debt	A-11	610,646		610,646	
Hotel Fees	A-11	165,000	-	192,098	27,098
Total Miscellaneous Revenues		<u>15,539,226</u>	<u>339,253</u>	<u>14,731,013</u>	<u>(1,147,466)</u>
Receipts from Delinquent Taxes	A-2	<u>1,470,000</u>	-	<u>1,884,999</u>	<u>414,999</u>
Amount to be Raised by Taxes for Municipal Budget					
Local Tax for Municipal Purposes		38,160,360		39,307,536	1,147,176
Minimum Library Tax		<u>974,150</u>	-	<u>974,150</u>	-
Total Amount to be Raised by Taxes	A-2	<u>39,134,510</u>	-	<u>40,281,686</u>	<u>1,147,176</u>
Budget Totals		<u>\$ 58,643,736</u>	<u>\$ 339,253</u>	<u>59,397,698</u>	<u>\$ 414,709</u>
Non-Budget Revenues	A-2			<u>1,456,011</u>	
				<u>\$ 60,853,709</u>	

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Reference</u>	
Analysis of Current Tax Collections		
Revenue from Collections	A-8	\$ 99,461,626
Allocated to School, County Taxes and Special District Taxes	A-22, A-23 A-24, A-25	<u>61,429,940</u>
		38,031,686
Add Appropriation "Reserve for Uncollected Taxes	A-3	<u>2,250,000</u>
Balance for Support of Municipal Budget Appropriations	A-2	<u>\$ 40,281,686</u>
Interest on Investments		
Revenue Accounts Receivable	A-11	\$ 38,075
Due from Other Trust Fund	B-16	14,111
Due from General Capital Fund	C-4	8,900
Due from Animal Control Fund	B-5	<u>23</u>
	A-2	<u>\$ 61,109</u>
Non-Budget Revenue		
Uniform Fire Safety Act		\$ 103,884
Tax Search Fees		20
Zoning Maps/Ordinances		11,250
PILOT - Dornoch/Mint		215,899
PILOT - RWJ Hospital		206,134
PILOT - RWJ Hospital		68,711
Sale of Recyclables		15,388
Sale of Vehicles & Equipment		16,610
UC Count Grant		3,792
Board of Adjustment Applications		27,787
Unknown State EFT		46,908
Refund of Prior Year Expenditures		660,089
Cancellation of Trust Fund Balance		37,650
Engineering Fees		31,885
Administrative Fee - Senior Citizens and Veterans Deductions		2,615
Other Miscellaneous		<u>7,389</u>
	A-2	<u>\$ 1,456,011</u>
	Cash Receipts	\$ 1,418,361
	Due from Other Trust Fund	<u>37,650</u>
		<u>\$ 1,456,011</u>

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 400,000	\$ 551,000	\$ 550,883	\$ 117	
Other Expenses	541,000	800,000	764,787	35,213	
Mayor's Office					
Salaries and Wages	72,000	72,000	72,000		
Municipal Council					
Salaries and Wages	75,000	75,000	70,937	4,063	
Other Expenses	1,000	1,000	850	150	
Environmental Commission					
Salaries and Wages	4,000	4,000	3,812	188	
Other Expenses	1,000	1,000	907	93	
City Clerk					
Salaries and Wages	184,000	221,600	221,598	2	
Other Expenses	64,000	82,300	82,255	45	
Department of Revenue and Finance					
Salaries and Wages	490,000	479,500	479,496	4	
Other Expenses	650,000	822,800	822,076	724	
Municipal Audit	60,000	60,000	60,000		
Revenue Administration (Tax Collection)					
Salaries and Wages	194,000	198,000	197,716	284	
Other Expenses	60,000	54,300	54,279	21	
Department of Assessment					
Salaries and Wages	122,000	120,000	119,030	970	
Other Expenses	50,000	19,000	14,335	4,665	
Department of Law					
Salaries and Wages	93,000	121,000	120,511	489	
Other Expenses	550,000	525,000	389,808	135,192	
Division of Engineering					
Salaries and Wages	319,000	222,200	222,163	37	
Other Expenses	508,000	398,000	378,706	19,294	
Department of Building, Planning & Economic Development					
Salaries and Wages	127,000	136,700	136,607	93	
Other Expenses	62,000	145,000	60,969	84,031	
Planning Board					
Salaries and Wages	4,000	4,100	4,005	95	
Other Expenses	10,000	10,000	9,707	293	
Zoning Board of Adjustment					
Salaries and Wages	4,000	4,100	4,005	95	
Other Expenses	12,000	12,000	11,908	92	
Property Maintenance					
Salaries and Wages	200,000	200,000	200,000		
Other Expenses	23,000	23,000	23,000		
Uniform Construction Code Enforcement (NJSA 52:27D-120 etc.)					
Salaries and Wages	690,000	657,700	657,617	83	
Other Expenses	33,000	55,000	15,655	39,345	
Municipal A.B.C. Board					
Salaries and Wages	5,000	5,000	4,137	863	
Other Expenses	1,000	1,000	980	20	
Insurance					
Other Insurance	1,350,000	1,165,000	1,141,886	23,114	
Employee Group Insurance	6,950,000	7,077,400	6,865,566	211,834	
Health Benefit Waiver	150,000	150,000	150,000	-	
Police Department					
Salaries and Wages	9,313,000	8,816,500	8,816,468	32	
Other Expenses	350,000	335,000	296,315	38,685	

The Accompanying Notes are an Integral Part of these Financial Statements

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 89,000	\$ 117,000	\$ 37,489	\$ 79,511	
Other Expenses	33,000	31,000	13,591	17,409	
Fire Department					
Salaries and Wages	6,073,000	5,959,300	5,959,233	67	
Other Expenses	211,000	213,000	212,813	187	
Department of Public Works					
Salaries and Wages	2,966,000	2,491,200	2,491,141	59	
Other Expenses	1,325,000	1,475,000	1,341,749	133,251	
Solid Waste and Recycling					
Salaries and Wages	1,376,000	1,569,800	1,569,748	52	
Other Expenses	1,398,000	1,438,000	1,334,178	103,822	
Department of Health and Welfare					
Salaries and Wages	529,000	778,700	778,664	36	
Other Expenses	315,000	315,000	286,708	28,292	
Community Services - Senior Services					
Salaries and Wages	221,000	172,000	171,036	964	
Other Expenses	63,000	63,000	58,043	4,957	
Recreation Department					
Salaries and Wages	717,000	704,800	702,982	1,818	
Other Expenses	321,000	321,000	199,462	121,538	
Municipal Court					
Salaries and Wages	658,000	608,000	603,937	4,063	
Other Expenses	50,000	50,000	46,497	3,503	
Contribution to Rahway Redevelopment Agency	100,000	100,000	100,000		
Unclassified					
Electricity	375,000	331,000	218,433	112,567	
Heating Fuels	105,000	105,000	61,362	43,638	
Telephone	125,000	155,000	148,730	6,270	
Street Lighting	575,000	575,000	496,660	78,340	-
Total Operations Within "CAPS"	<u>41,347,000</u>	<u>41,198,000</u>	<u>39,857,430</u>	<u>1,340,570</u>	<u>-</u>
Contingent	-	-	-	-	-
Total Operations Including Contingent - Within "CAPS"	<u>41,347,000</u>	<u>41,198,000</u>	<u>39,857,430</u>	<u>1,340,570</u>	<u>-</u>
Detail:					
Salaries & Wages	24,925,000	24,289,200	24,195,215	93,985	-
Other Expenses (Including Contingent)	16,422,000	16,908,800	15,662,215	1,246,585	-

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
DEFERRED CHARGES AND STATUTORY EXPENDITURES - MUNICIPAL WITHIN "CAPS" STATUTORY EXPENDITURES					
Contribution to:					
Public Employees' Retirement System	\$ 1,125,556	\$ 1,172,556	\$ 1,172,214	\$ 342	
Police and Firemen's Retirement System	4,075,781	4,109,781	4,108,851	930	
Pension Adjustment Fund	20,000	20,000	17,955	2,045	
Social Security	870,000	934,000	933,224	776	
DCRP Contribution	<u>20,000</u>	<u>20,000</u>	<u>18,680</u>	<u>1,320</u>	<u>-</u>
 Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	 <u>6,111,337</u>	 <u>6,256,337</u>	 <u>6,250,924</u>	 <u>5,413</u>	 <u>-</u>
 Total General Appropriations for Municipal Purposes Within "CAPS"	 <u>47,458,337</u>	 <u>47,454,337</u>	 <u>46,108,354</u>	 <u>1,345,983</u>	 <u>-</u>
 OPERATIONS - EXCLUDED FROM "CAPS"					
Maintenance of Free Public Library (Chapter 82, P.L. 1985)					
Other Expenses	1,073,000	1,073,000	1,073,000		
Police Dispatch 9-1-1 System					
Salaries and Wages	208,000	208,000	192,313	15,687	
Other Expenses	139,000	139,000	121,249	17,751	
 Public and Private Programs Offset with Revenues					
Clean Communities Program	47,846	47,846	47,846		
Recycling Tonnage Grant	16,338	16,338	16,338		
Multiple Housing Inspections	7,328	25,078	25,078		
Police Body Armor	6,795	6,795	6,795		
NJ County Health Grant	5,615	5,615	5,615		
Bulletproof Partnership Program		10,461	10,461		
Recreation Opportunities for Individuals with Disabilities		20,000	20,000		
Strengthening Local Health Capacity		291,042	291,042		
CLEP Grant	7,000	7,000	7,000		
Green the Streets	4,500	4,500	4,500		
Municipal Alliance					
Grahill Charitable Trust	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>
 Total Operations - Excluded from "CAPS"	 <u>1,525,422</u>	 <u>1,864,675</u>	 <u>1,831,237</u>	 <u>33,438</u>	 <u>-</u>
 Detail:					
Salaries and Wages	208,000	208,000	192,313	15,687	-
Other Expenses	<u>1,317,422</u>	<u>1,656,675</u>	<u>1,638,924</u>	<u>17,751</u>	<u>-</u>

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended Balances Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 250,000	\$ 250,000	\$ 250,000	-	-
Total Capital Improvements - Excluded from "CAPS"	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	4,401,435	4,401,435	4,401,435		
Interest on Bonds	1,410,688	1,414,688	1,414,378		\$ 310
Interest in Notes	156,000	156,000	155,065		935
Green Acres Loan					
Repayment of Principal and Interest	50,000	50,000	49,023		977
Capital Grant Agreement - Rahway Redevelopment Agency					
Library Project/Arts Center Project	<u>1,141,854</u>	<u>1,141,854</u>	<u>1,141,854</u>	-	-
Total Municipal Debt Service Excluded from "CAPS"	<u>7,159,977</u>	<u>7,163,977</u>	<u>7,161,755</u>	-	<u>2,222</u>
Total General Appropriations - Excluded from "CAPS"	<u>8,935,399</u>	<u>9,278,652</u>	<u>9,242,992</u>	\$ 33,438	<u>2,222</u>
Subtotal General Appropriations	56,393,736	56,732,989	55,351,346	1,379,421	2,222
Reserve for Uncollected Taxes	<u>2,250,000</u>	<u>2,250,000</u>	<u>2,250,000</u>	-	-
Total General Appropriations	<u>\$ 58,643,736</u>	<u>\$ 58,982,989</u>	<u>\$ 57,601,346</u>	<u>\$ 1,379,421</u>	<u>\$ 2,222</u>
	<u>Reference</u>	A-2		A-1	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Reference</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>
Budget as Adopted	A-2	\$ 58,643,736	
Added by N.J.S. 40A:4-87	A-2	<u>339,253</u>	
		<u>\$ 58,982,989</u>	
Cash Disbursements	A-4		\$ 53,712,935
Encumbrances Payable	A-15		1,193,736
Transferred to Appropriated Grant Reserves	A-21		444,675
Reserve for Uncollected Taxes	A-2		<u>2,250,000</u>
			<u>\$ 57,601,346</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Animal Control Fund			
Cash	B-2	\$ 16,518	\$ 11,114
		<u>16,518</u>	<u>11,114</u>
Community Development Trust Fund			
Cash	B-2	902,779	660,262
Community Development Grants Receivable	B-6	947,573	668,806
Loans Receivable	B-7	199,565	203,676
Deferred Loans Receivable	B-8	<u>2,878,834</u>	<u>2,830,674</u>
		<u>4,928,751</u>	<u>4,363,418</u>
Other Trust Fund			
Cash	B-2	4,606,319	4,500,855
Due from Current Fund	B-16	679,800	388,454
Due from Sewer Utility Operating Fund	E-29	9,744	
Due from Sewer Utility Capital Fund	E-27	<u>85,039</u>	<u>85,039</u>
		<u>5,380,902</u>	<u>4,974,348</u>
Self- Insurance Fund			
Cash	B-2	87,605	25,426
Due from Current Fund	B-13		73
Due from Other Trust Fund	B-23	<u>-</u>	<u>57,190</u>
		<u>87,605</u>	<u>82,689</u>
Total Assets		<u>\$ 10,413,776</u>	<u>\$ 9,431,569</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCES			
Animal Control Fund			
Due to State of New Jersey	B-3	\$ 4	\$ 8
Reserve for Animal Control Expenditures	B-4	9,614	11,106
Due to Current Fund	B-5	<u>6,900</u>	<u>-</u>
		<u>16,518</u>	<u>11,114</u>
Community Development Trust Fund			
Due to Current Fund	B-21	33,052	56,800
Due to General Capital Fund	B-22	831,000	561,000
Reserve for Loans Receivable	B-7, B-8	3,078,399	3,034,350
Encumbrances Payable	B-9	164,643	124,957
Reserve for Community Development Expenditures	B-10	<u>821,657</u>	<u>586,311</u>
		<u>4,928,751</u>	<u>4,363,418</u>
Other Trust Fund			
Due to Self Insurance Trust Fund	B-23		57,190
Miscellaneous Reserves and Deposits	B-15	4,996,463	4,328,510
Other Liabilities	B-17	165,659	330,149
Payroll Deductions Payable	B-18	50,379	19,206
Accrued Salaries and Wages	B-19	162,722	192,949
Reserve for Flex Spending	B-20	5,679	8,694
Fund Balance	B-1	<u>-</u>	<u>37,650</u>
		<u>5,380,902</u>	<u>4,974,348</u>
Self- Insurance Fund			
Due to Current Fund	B-13	45,087	
Reserve for Workers' Compensation	B-11	22,864	20,936
Reserve for Unemployment Compensation	B-12	18,052	36,027
Due to State of New Jersey	B-14	<u>1,602</u>	<u>25,726</u>
		<u>87,605</u>	<u>82,689</u>
Total Liabilities and Fund Balance		<u>\$ 10,413,776</u>	<u>\$ 9,431,569</u>

**CITY OF RAHWAY
STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS -
OTHER TRUST FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	B	\$ 37,650	\$ 37,650
Decreased by:			
Cancelled to Current Fund	A-2	<u>37,650</u>	<u>-</u>
Balance, End of Year	B	<u>\$ -</u>	<u>\$ 37,650</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Cash	C-2, C-3	\$ 4,820,028	\$ 6,090,720
Deferred Charges to Future Taxation			
Funded	C-5	38,101,391	42,529,292
Unfunded	C-6	18,167,120	12,779,120
Overexpenditure of Ordinance	C-18	468,089	
Grants Receivable	C-9	2,456,114	2,181,114
Due from Current Fund	C-4	5,363,927	4,216,959
Due from CDBG Trust Fund	B-22	831,000	561,000
Due from Water Utility Capital Fund	D-16	1,254,582	1,254,582
Due from Sewer Utility Operating Fund	E-11	108,486	
Due from Sewer Utility Capital Fund	E-14	4,859	4,859
Due from Parking Utility Operating Fund	C-16	<u>772,500</u>	<u>772,500</u>
 Total Assets		 <u>\$ 72,348,096</u>	 <u>\$ 70,390,146</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-8	\$ 37,959,867	\$ 42,361,302
Bond Anticipation Notes Payable	C-10	12,257,000	7,775,000
Green Acres Loans Payable	C-11	141,524	167,990
Contracts Payable	C-14	3,934,554	2,154,252
Improvement Authorizations:			
Funded	C-7	3,673,642	3,822,061
Unfunded	C-7	5,850,935	4,564,773
Due to Rahway Redevelopment Agency	C-13		235,708
Due to Parking Utility Capital Fund	C-17	759,712	759,712
Capital Improvement Fund	C-12	164,272	206,272
Reserve for Grants Receivable	C-9	1,756,114	1,981,114
Reserve for Payment of Debt	C-15		610,646
Fund Balance	C-1	<u>5,850,476</u>	<u>5,751,316</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 72,348,096</u>	 <u>\$ 70,390,146</u>

There were bonds and notes authorized but not issued on December 31, 2021 and 2020 of \$6,722,595 and \$5,518,551, respectively (Exhibit C-19)

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	C	\$ 5,751,316	\$ 5,264,552
Increased by:			
Premium on Bonds/Bond Anticipation Notes	C-2	<u>99,160</u>	<u>486,764</u>
Balance, End of Year	C	<u>\$ 5,850,476</u>	<u>\$ 5,751,316</u>

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Operating Fund			
Cash	D-5	\$ 5,855,553	\$ 359,471
Cash - Change Fund	D-7	200	200
Due from Current Fund	D-15	1,687,306	1,014,380
Due from Water Utility Capital Fund	D-14	<u>2,546,539</u>	<u>2,947,929</u>
		10,089,598	4,321,980
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	D-10	1,614,126	1,411,948
Deferred Charges			
Overexpenditure of Appropriations	D-4	<u>135,022</u>	<u>-</u>
Total Operating Fund		<u>11,838,746</u>	<u>5,733,928</u>
Capital Fund			
Cash	D-5, D-6	3,338,511	1,796,599
Cash with Fiscal Agents	D-5	397,438	1,802,167
Fixed Capital	D-8	56,104,090	56,104,090
Fixed Capital Authorized and Uncompleted	D-9	<u>10,154,369</u>	<u>8,479,369</u>
Total Capital Fund		<u>69,994,408</u>	<u>68,182,225</u>
Total Assets		<u>\$ 81,833,154</u>	<u>\$ 73,916,153</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
WATER UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	D-4, D-11	\$ 36,744	\$ 36,744
Encumbrances Payable	D-12	\$ 779,442	57,296
Accounts Payable and Other Liabilities	D-13	171,243	193,201
Accrued Interest on Bonds and Notes	D-26	125,336	116,803
Due to Sewer Utility Operating Fund	E-12	3,813,927	777,187
		<u>4,889,948</u>	<u>1,181,231</u>
Reserve for Receivables	D	1,614,126	1,411,948
Fund Balance	D-1	5,334,672	3,140,749
		<u>11,838,746</u>	<u>5,733,928</u>
Total Operating Fund			
Capital Fund			
Serial Bonds Payable	D-22	8,409,000	8,944,000
NJ EIT Loan Payable	D-24	12,947,145	13,565,042
Bond Anticipation Notes Payable	D-23	2,775,000	1,000,000
Contracts Payable	D-19	196,884	1,167,620
Capital Improvement Fund	D-25	106,472	106,472
Improvement Authorizations			
Funded	D-18	470,578	441,915
Unfunded	D-18	7,466,613	6,513,416
Reserve for Amortization	D-20	31,817,473	30,664,576
Reserve for Deferred Amortization	D-21	303,929	303,929
Reserve for Future Capital Improvements	D-17	905,000	500,000
Due to General Capital Fund	D-16	1,254,582	1,254,582
Due to Water Utility Operating Fund	D-14	2,546,539	2,947,929
Fund Balance	D-2	795,193	772,744
		<u>69,994,408</u>	<u>68,182,225</u>
Total Capital Fund			
Total Liabilities, Reserves and Fund Balance		<u>\$ 81,833,154</u>	<u>\$ 73,916,153</u>

There were bonds and notes authorized but not issued on December 31, 2021 and 2020 of \$10,005,912 and \$10,105,912, 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, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized			
Rents	D-3	\$ 7,387,000	\$ 7,187,972
Additional Water Rents	D-3	1,517,259	200,000
Non-Budget Revenues	D-3	43,667	270,590
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	D-11	<u>3,109</u>	<u>28,911</u>
		<u>8,951,035</u>	<u>7,687,473</u>
Expenditures			
Budget Appropriations			
Operating	D-4	4,985,022	4,800,000
Capital Improvements	D-4	405,000	500,000
Debt Service	D-4	1,502,112	1,605,456
Refund of Prior Year Revenue	D-5	<u>-</u>	<u>1,801</u>
		6,892,134	6,907,257
Less:			
Expenditures Included Above Which by Statute are			
Deferred to Subsequent Year Budgets	D-4	<u>135,022</u>	<u>-</u>
Total Adjusted Expenditures		<u>6,757,112</u>	<u>6,907,257</u>
Excess in Revenues Over Expenditures		2,193,923	780,216
Fund Balance, Beginning of Year	D	<u>3,140,749</u>	<u>2,360,533</u>
Fund Balance, End of Year	D	<u>\$ 5,334,672</u>	<u>\$ 3,140,749</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
WATER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	D	\$ 772,744	\$ 757,088
Increased by:			
Premium on Issuance of Bonds and Notes	D-5	<u>22,449</u>	<u>15,656</u>
Balance, End of Year	D	<u>\$ 795,193</u>	<u>\$ 772,744</u>

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Rents	D-1,D-10	\$ 7,387,000	\$ 7,387,000	
Additional Water Rents	D-1, D-10	<u>353,000</u>	<u>1,517,259</u>	\$ 1,164,259
		<u>\$ 7,740,000</u>	8,904,259	<u>\$ 1,164,259</u>
Non-budget Revenue			<u>43,667</u>	
			<u>\$ 8,947,926</u>	
 <u>Analysis of Realized Revenue:</u>				
 <u>Miscellaneous</u>				
Water Connection Fees			\$ 32,851	
Interest on Investments			<u>10,816</u>	
			<u>\$ 43,667</u>	
Cash Receipts	D-5		\$ 40,057	
Due from Water Utility Capital Fund	D-14		<u>3,610</u>	
			<u>\$ 43,667</u>	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
WATER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<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>	<u>Overexpended</u>
Operating						
Management Fee	\$ 4,250,000	\$ 4,250,000	\$ 4,354,943			\$ 104,943
Other Expenses	600,000	600,000	630,079			30,079
Capital Improvements						
Capital Outlay	405,000	405,000	405,000			
Debt Service						
Payment of Bond Principal	535,000	535,000	535,000			
Interest on Bonds	290,710	290,710	290,710			
Interest on Notes	65,000	65,000	28,478		\$ 36,522	
Principal and Interest on Loans	810,873	810,873	647,924		162,949	
Surplus (General Budget)	<u>783,417</u>	<u>783,417</u>	<u>-</u>	<u>-</u>	<u>783,417</u>	<u>-</u>
	<u>\$ 7,740,000</u>	<u>\$ 7,740,000</u>	<u>\$ 6,892,134</u>	<u>\$ -</u>	<u>\$ 982,888</u>	<u>\$ 135,022</u>
Adopted Budget	<u>Reference</u>	D-5 <u>\$ 7,740,000</u>		D-1		
		<u>Reference</u>				
Cash Disbursements		D-5	\$ 5,263,477			
Encumbrances Payable		D-12	779,442			
Due to Water Utility Capital Fund		D-14	405,000			
Accrued Interest on Bonds and Notes		D-26	444,215			
			<u>\$ 6,892,134</u>			

CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
SEWER UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Operating Fund			
Cash	E-5	\$ 5,304	\$ 1,308,129
Due from Current Fund	E-10		356,740
Due from Water Utility Operating Fund	E-12	3,813,927	777,187
Due from Sewer Utility Capital Fund	E-13	<u>471</u>	<u>11</u>
		3,819,702	2,442,067
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	E-7	750,987	535,189
Deferred Charge			
Overexpenditure of Appropriation	E-4	<u>483,639</u>	<u>-</u>
 Total Operating Fund		 <u>5,054,328</u>	 <u>2,977,256</u>
 Capital Fund			
Cash	E-5, E-6	181,406	408,954
Fixed Capital	E-8	4,205,428	4,205,428
Fixed Capital Authorized and Uncompleted	E-9	5,858,000	4,708,000
Due from Current Fund	E-28	<u>1,520,154</u>	<u>1,520,154</u>
 Total Capital Fund		 <u>11,764,988</u>	 <u>10,842,536</u>
 Total Assets		 <u>\$ 16,819,316</u>	 <u>\$ 13,819,792</u>

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
SEWER UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	E-3, E-15	\$ 103,894	\$ 83,842
Encumbrances Payable	E-16	10,206	89,104
Accounts Payable	E-17	20,390	4,800
Due to Current Fund	E-10	1,334,283	
Due to General Capital Fund	E-11	108,486	
Due to Other Trust Fund	E-29	9,744	
Accrued Interest on Bonds, Notes and Loans	E-24	<u>10,564</u>	<u>6,669</u>
		1,597,567	184,415
Reserve for Receivables	E	750,987	535,189
Fund Balance	E-1	<u>2,705,774</u>	<u>2,257,652</u>
Total Operating Fund		<u>5,054,328</u>	<u>2,977,256</u>
Capital Fund			
Serial Bonds Payable	E-18	2,447,133	2,665,698
NJ Environmental Infrastructure Loan Payable	E-19	247,850	390,637
Bond Anticipation Notes Payable	E-20	1,498,000	1,498,000
Due to Other Trust Fund	E-27	85,039	85,039
Due to General Capital Fund	E-14	4,859	4,859
Due to Sewer Utility Operating Fund	E-13	471	11
Improvement Authorizations			
Funded	E-21	371,055	402,065
Unfunded	E-21	2,810,249	1,840,014
Contracts Payable	E-22	58,442	87,796
Capital Improvement Fund	E-23	374,500	374,500
Reserve for Amortization	E-25	3,539,497	3,178,145
Deferred Reserve for Amortization	E-26	6,700	6,700
Fund Balance	E-2	<u>321,193</u>	<u>309,072</u>
Total Capital Fund		<u>11,764,988</u>	<u>10,842,536</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 16,819,316</u>	<u>\$ 13,819,792</u>

There were bonds and notes authorized but not issued of \$2,324,248 and \$1,174,248, on December 31, 2021 and 2020, 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, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized			
Surplus Anticipated	E-3	\$ 250,000	\$ 250,000
Rents	E-3	5,196,576	4,996,492
Industrial Sewer Flow Charges	E-1	425,044	
Sewer Connection Fees	E-3		250,306
Non-Budget Revenues	E-3	10,464	12,355
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	E-15	83,842	123,659
Cancelled Prior Year Liabilities	E-17	4,800	-
		<u>5,970,726</u>	<u>5,632,812</u>
Expenditures			
Budget Appropriations			
Operating	E-4	5,258,639	4,775,000
Debt Service	E-4	485,604	450,268
Deferred Charges and Statutory Expenditures	E-4	12,000	12,000
		<u>5,756,243</u>	<u>5,237,268</u>
Less:			
Expenditures Included Above Which by Statute are			
Deferred to Subsequent Year Budgets	E-4	483,639	-
Total Adjusted Expenditures		5,272,604	5,237,268
Excess in Revenues Over Expenditures		698,122	395,544
Fund Balance, Beginning of Year	E	<u>2,257,652</u>	<u>2,112,108</u>
		2,955,774	2,507,652
Decreased by:			
Utilized as Anticipated Revenue	E-3	250,000	250,000
Fund Balance, End of Year	E	<u>\$ 2,705,774</u>	<u>\$ 2,257,652</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
SEWER UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	E	\$ 309,072	\$ 285,621
Increased by:			
Premium on Bonds/Bond Anticipation Notes	E-5	<u>12,121</u>	<u>23,451</u>
Balance, End of Year	E	<u>\$ 321,193</u>	<u>\$ 309,072</u>

**CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<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	4,996,000	4,996,000	
Additional Sewer Rents	E-1, E-7	220,000	200,576	\$ (19,424)
Industrial Sewer Flow Charges	E-1, E-5	<u>250,000</u>	<u>425,044</u>	<u>175,044</u>
	E-4	<u>\$ 5,716,000</u>	5,871,620	<u>\$ 155,620</u>
Non-Budget Revenue			<u>10,464</u>	
			<u>\$ 5,882,084</u>	
 <u>Analysis of Realized Revenue:</u>				
 <u>Non-Budget Revenue</u>				
Cash Receipts			\$ 10,004	
Due from Sewer Utility Capital Fund			<u>460</u>	
			<u>\$ 10,464</u>	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
SEWER UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<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>	<u>Overexpended</u>
Operating						
Salaries and Wages	\$ 200,000	\$ 240,000	\$ 237,330	\$ 2,670		
Other Expenses	200,000	160,000	61,206	98,794		
Sewer Treatment Expense						
Rahway Valley Sewer Authority	4,300,000	4,300,000	4,783,639			\$ 483,639
Sewer Permit Fees	75,000	75,000	72,570	2,430		
Debt Service						
Payment of Bond Principal	218,565	218,565	218,564		\$ 1	
Interest on Bonds	83,601	83,601	79,132		4,469	
Interest on Notes	50,000	50,000	36,120		13,880	
Principal and Interest on Loans	154,909	154,909	151,788		3,121	
Statutory Expenditures						
Social Security System (O.A.S.I.)	12,000	12,000	12,000			
Surplus (General Budget)	<u>421,925</u>	<u>421,925</u>	<u>-</u>	<u>-</u>	<u>421,925</u>	<u>-</u>
	<u>\$ 5,716,000</u>	<u>\$ 5,716,000</u>	<u>\$ 5,652,349</u>	<u>\$ 103,894</u>	<u>\$ 443,396</u>	<u>\$ 483,639</u>
	<u>Reference</u>					
	E-3		E-1	E,E-1		
Cash Disbursements	E-5		\$ 5,517,890			
Encumbrances Payable	E-16		10,206			
Accrued Interest on Bonds and Notes	E-24		<u>124,253</u>			
			<u>\$ 5,652,349</u>			

**CITY OF RAHWAY
BALANCE SHEET - REGULATORY BASIS -
PARKING UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
ASSETS			
Operating Fund			
Cash	F-5	\$ 5,714,756	\$ 4,804,213
Due from Current Fund	F-10	522,799	559,799
Due from Parking Utility Capital Fund	F-9	<u>566,684</u>	<u>566,627</u>
Total Operating Fund		<u>6,804,239</u>	<u>5,930,639</u>
Capital Fund			
Cash	F-5, F-6	86,771	
Fixed Capital	F-7	11,190,396	11,190,396
Fixed Capital Authorized and Uncompleted	F-8	830,000	830,000
Due from Current Fund	F-24	192,186	192,186
Due from General Capital Fund	C-17	<u>759,712</u>	<u>759,712</u>
Total Capital Fund		<u>13,059,065</u>	<u>12,972,294</u>
Total Assets		<u>\$ 19,863,304</u>	<u>\$ 18,902,933</u>

**CITY OF RAHWAY
BALANCE SHEET - REGULATORY BASIS -
PARKING UTILITY FUND
AS OF DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	F-4, F-12	\$ 368,441	\$ 401,708
Encumbrances Payable	F-13	37,479	52,760
Accounts Payable	F-14	7,691	
Other Liabilities	F-17	8,653	242,615
Due to General Capital Fund	C-16	772,500	772,500
Due to Rahway Redevelopment Agency	F-18	616,525	306,975
Reserve for Rate Stabilization	F-11	1,500,000	1,500,000
Accrued Interest on Bonds and Notes	F-15	22,751	29,319
Reserve for Security Deposits	F-16	<u>3,235</u>	<u>3,385</u>
		3,337,275	3,309,262
Fund Balance	F-1	<u>3,466,964</u>	<u>2,621,377</u>
Total Operating Fund		<u>6,804,239</u>	<u>5,930,639</u>
Capital Fund			
Serial Bonds Payable	F-19	2,815,000	2,990,000
Bond Anticipation Notes Payable	F-20	830,000	750,000
Due to Parking Utility Operating Fund	F-9	566,684	566,627
Reserve for Amortization	F-21	8,375,396	8,200,396
Reserve for Future Capital Improvements	F-22	186,524	186,524
Contracts Payable	F-23	9,069	9,069
Improvement Authorizations			
Unfunded	F-25	245,277	245,277
Fund Balance	F-2	<u>31,115</u>	<u>24,401</u>
Total Capital Fund		<u>13,059,065</u>	<u>12,972,294</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 19,863,304</u>	<u>\$ 18,902,933</u>

There were bonds and notes authorized but not issued of \$-0- and \$80,000 on December 31, 2021 and 2020. (Exhibit F-26)

CITY OF RAHWAY
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCE
REGULATORY BASIS - PARKING UTILITY OPERATING FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized			
Surplus Anticipated	F-3	\$ 337,000	
Parking Fees	F-3	966,503	\$ 835,286
Ground Lease	F-3	499,532	495,814
Non-Budget Revenues	F-3	10,504	11,764
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	F-12	396,374	342,732
Cancelled Prior Year Liabilities	F-17	242,615	-
		<u>2,452,528</u>	<u>1,685,596</u>
Expenditures			
Budget Appropriations			
Operating	F-4	915,000	915,000
Debt Service	F-4	317,941	353,862
Deferred Charges and Statutory Expenditures	F-4	37,000	37,000
Refund of Prior Year Revenue	F-5	-	1,675
		<u>1,269,941</u>	<u>1,307,537</u>
Excess in Revenues Over Expenditures		1,182,587	378,059
Fund Balance, Beginning of Year	F	<u>2,621,377</u>	<u>2,243,318</u>
		3,803,964	2,621,377
Decreased by:			
Utilized as Anticipated Revenue	F-3	<u>337,000</u>	-
Fund Balance, End of Year	F	<u>\$ 3,466,964</u>	<u>\$ 2,621,377</u>

CITY OF RAHWAY
COMPARATIVE STATEMENTS OF CHANGES IN FUND BALANCE - REGULATORY BASIS
PARKING UTILITY CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Balance, Beginning of Year	F	\$ 24,401	\$ 12,660
Increased by:			
Premium on Bond Anticipation Notes	F-5	<u>6,714</u>	<u>11,741</u>
Balance, End of Year	F	<u>\$ 31,115</u>	<u>\$ 24,401</u>

CITY OF RAHWAY
STATEMENT OF REVENUES - REGULATORY BASIS
PARKING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Surplus Anticipated	F-1	\$ 337,000	\$ 337,000	
Parking Fees	F-1	835,000	966,503	\$ 131,503
Ground Lease	F-1	<u>510,500</u>	<u>499,532</u>	<u>(10,968)</u>
	F-4	<u>\$ 1,682,500</u>	<u>\$ 1,803,035</u>	<u>\$ 120,535</u>
Non-Budget Revenue			<u>10,504</u>	
			<u>\$ 1,813,539</u>	
<u>Non-Budget Revenue</u>				
Cash Receipts			\$ 10,447	
Due from Parking Utility Capital Fund			<u>57</u>	
			<u>\$ 10,504</u>	

CITY OF RAHWAY
STATEMENT OF EXPENDITURES -REGULATORY BASIS
PARKING UTILITY OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<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	\$ 340,000	\$ 365,000	\$ 364,425	\$ 575	
Other Expenses	575,000	550,000	182,134	367,866	
Debt Service					
Payment of Bond Principal	175,000	175,000	175,000		
Interest on Bonds	134,550	134,550	133,565		\$ 985
Interest on Notes	17,500	17,500	9,376		8,124
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>403,450</u>	<u>403,450</u>	<u>-</u>	<u>-</u>	<u>403,450</u>
	<u>\$ 1,682,500</u>	<u>\$ 1,682,500</u>	<u>\$ 901,500</u>	<u>\$ 368,441</u>	<u>\$ 412,559</u>
	<u>Reference</u>				
	F-3		F-1	F, F-1	
Cash Disbursements	F-5		\$ 411,530		
Encumbrances Payable	F-13		37,479		
Due to Rahway Redevelopment Agency	F-18		309,550		
Accrued Interest on Bonds and Notes	F-15		<u>142,941</u>		
			<u>\$ 901,500</u>		

**CITY OF RAHWAY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
GENERAL FIXED ASSETS ACCOUNT GROUP
AS OF DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Land	\$ 13,925,600	\$ 13,925,600
Buildings and Building Improvements	19,390,348	18,708,881
Machinery and Equipment	<u>14,917,759</u>	<u>14,712,115</u>
Total Assets	<u>\$ 48,233,707</u>	<u>\$ 47,346,596</u>
 LIABILITIES AND RESERVES		
Investment in General Fixed Assets	<u>\$ 48,233,707</u>	<u>\$ 47,346,596</u>

NOTES TO FINANCIAL STATEMENTS

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 AND 2020

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, 2021 AND 2020**

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, 2020 balances to conform to the December 31, 2021 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, 2021 AND 2020**

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, 2021 AND 2020**

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, 2021 AND 2020**

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, 2021 AND 2020**

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 2021 and 2020, the City increased the original budget by \$339,253 and \$2,760,560, respectively. The increases were funded by additional aid allotted to the City. In addition, the governing body approved several budget transfers during 2021 and 2020.

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

<u>2021</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Capital Fund			
Ordinance 25-17/6-18	\$159,955	\$628,044	\$468,089
Water Utility Operating Fund			
Management Fee	4,250,000	4,354,943	104,943
Other Expenses	600,000	630,079	30,079
Sewer Utility Operating Fund			
Sewer Treatment Expense			
Rahway Valley Sewer Authority	4,300,000	4,783,639	483,639

In accordance with the regulatory basis of accounting, the above variances or overexpenditures were recorded as deferred charges on the balance sheet of the respective fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of overexpenditures at year end.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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.

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, 2021 and 2020, the book value of the City's deposits were \$49,830,523 and \$43,651,536 and bank and brokerage firm balances of the City's deposits amounted to \$50,825,733 and \$46,556,929, 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>2021</u>	<u>2020</u>
Insured	<u>\$ 50,825,733</u>	<u>\$ 46,556,929</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, 2021 and 2020, 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, 2021 and 2020 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, 2021 AND 2020**

NOTE 4 TAXES AND UTILITY CHARGES RECEIVABLE

Receivables at December 31, 2021 consisted of the following:

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

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

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 \$1,507,256 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.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u>		<u>2020</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 1,419,322	\$ 9,966,172	\$ 56,800	\$ 8,248,745
Trust Fund:				
Animal Control		6,900		
Community Development		594,052		617,800
Other Trust	774,583		473,493	57,190
Self Insurance		45,087	57,263	
General Capital Fund	8,065,354	759,712	6,809,900	759,712
Water Utility Fund:				
Operating	4,233,845	3,813,927	3,962,309	777,187
Capital		3,801,121		4,202,511
Sewer Utility Fund:				
Operating	3,814,398	1,452,513	1,133,938	
Capital	1,520,154	90,369	1,520,154	89,909
Parking Utility Fund:				
Operating	1,089,483	772,500	1,126,426	772,500
Capital	<u>951,898</u>	<u>566,684</u>	<u>951,898</u>	<u>566,627</u>
 Total	 <u>\$ 21,869,037</u>	 <u>\$ 21,869,037</u>	 <u>\$ 16,092,181</u>	 <u>\$ 16,092,181</u>

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

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

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

	<u>Balance</u> <u>December 31</u>	<u>Subsequent Year</u> <u>Budget</u> <u>Appropriation</u>	<u>Balance to</u> <u>Succeeding</u> <u>Budgets</u>
<u>2020</u>			
Current Fund			
Special Emergency - COVID	1,850,000	-	\$ 1,850,000

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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:

	2021		2020	
	Fund Balance December 31	Utilized in Subsequent Year's Budget	Fund Balance December 31	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 6,844,448	\$ 3,000,000	\$ 5,027,024	\$ 2,500,000
Non-Cash Surplus	<u>2,616,900</u>	<u>-</u>	<u>2,452,503</u>	<u>-</u>
	<u>\$ 9,461,348</u>	<u>\$ 3,000,000</u>	<u>\$ 7,479,527</u>	<u>\$ 2,500,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 5,199,650	<u>135,022</u>	\$ 3,140,749	
Non-Cash Surplus	<u>135,022</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,334,672</u>	<u>135,022</u>	<u>\$ 3,140,749</u>	<u>-</u>
Sewer Utility Operating Fund				
Cash Surplus	\$ 2,222,135	\$ 854,639	\$ 2,257,652	\$ 250,000
Non-Cash Surplus	<u>483,639</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,705,774</u>	<u>\$ 854,639</u>	<u>\$ 2,257,652</u>	<u>\$ 250,000</u>
Parking Utility Operating Fund				
Cash Surplus	\$ 3,466,964	\$ 500,000	\$ 2,621,377	\$ 337,000
Non-Cash Surplus	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,466,964</u>	<u>\$ 500,000</u>	<u>\$ 2,621,377</u>	<u>\$ 337,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020.

	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Land	\$ 13,925,600			\$ 13,925,600
Buildings and Improvements	18,708,881	\$ 681,467		19,390,348
Machinery and Equipment	<u>14,712,115</u>	<u>205,644</u>	<u>-</u>	<u>14,917,759</u>
	<u>\$ 47,346,596</u>	<u>\$ 887,111</u>	<u>\$ -</u>	<u>\$ 48,233,707</u>
	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>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020.

<u>Water Utility Fund</u>	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
<u>2021</u>				
Fixed Capital				
System and System Improvements	\$ 34,146,792			\$ 34,146,792
Land, Plant, Building and Building Improvements	21,383,462			21,383,462
Vehicles and Equipment	573,836	-	-	573,836
	<u>\$ 56,104,090</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 56,104,090</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	573,836	-	-	573,836
	<u>\$ 55,029,090</u>	<u>\$ 1,075,000</u>	<u>-</u>	<u>\$ 56,104,090</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 FIXED ASSETS (Continued)

B. Utility Funds Fixed Assets (Continued)

<u>Sewer Utility Fund</u>	Balance, December 31, 2020	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2021
<u>2021</u>				
Fixed Capital				
System and System Improvements	\$ 4,205,428	\$ -	-	\$ 4,205,428
	Balance December 31, 2019	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2020
<u>2020</u>				
Fixed Capital				
System and System Improvements	\$ 4,205,428	\$ -	-	\$ 4,205,428
 <u>Parking Utility Fund</u>				
	Balance, December 31, 2020	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2021
<u>2021</u>				
Fixed Capital				
Land and Buildings	\$ 9,679,164			\$ 9,679,164
Parking Lots and Improvements	970,666			970,666
Machinery and Equipment	540,566	-	-	540,566
	<u>\$ 11,190,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,190,396</u>
	Balance, December 31, 2019	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, 2020
<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>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u>	<u>2020</u>
Issued		
General		
Bonds, Notes and Loans	\$ 50,358,391	\$ 50,304,292
Water Utility		
Bonds, Notes and Loans	24,131,145	23,509,042
Sewer Utility		
Bonds, Notes and Loans	4,192,983	4,554,335
Parking Utility		
Bonds and Notes	<u>3,645,000</u>	<u>3,740,000</u>
	82,327,519	82,107,669
Less Funds Temporarily Held to Pay Bonds and Notes	<u>812,475</u>	<u>1,125,077</u>
Net Debt Issued	81,515,044	80,982,592
Authorized But Not Issued		
General		
Bonds and Notes	6,722,595	5,518,551
Water Utility		
Bonds and Notes	10,005,912	10,105,912
Sewer Utility		
Bonds and Notes	2,324,248	1,174,248
Parking Utility		
Bonds and Notes	<u>-</u>	<u>80,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 100,567,799</u>	<u>\$ 97,861,303</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 1.87% and 2.02% at December 31, 2021 and 2020, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 57,080,986	\$ 812,475	\$ 56,268,511
School Debt	50,729,000	50,729,000	
Utility Debt	44,299,289	43,957,156	342,133
Debt Guarantees (Note 9)	<u>3,490,000</u>	<u>3,490,000</u>	<u>-</u>
Total	<u>\$ 155,599,275</u>	<u>\$ 98,988,631</u>	<u>\$ 56,610,644</u>

	<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>\$ 112,301,380</u>	<u>\$ 53,783,614</u>	<u>\$ 58,517,766</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>2021</u>	<u>2020</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 105,798,623	\$ 101,145,265
Less: Net Debt	<u>56,610,644</u>	<u>58,517,766</u>
Remaining Borrowing Power	<u>\$ 49,187,979</u>	<u>\$ 42,627,499</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u>	<u>2020</u>
\$4,994,538, 2012 Refunding Bonds due in annual installments of \$493,185 to \$501,544 through December 1, 2023, interest at 2.500% to 2.625%	\$ 994,728	\$ 1,504,631
\$7,425,000, 2013 Bonds, due in annual installments of \$375,000 to \$515,000 through September 15, 2032, interest at 3.00% to 4.00%	4,785,000	5,150,000
\$1,720,000, 2014 Refunding Bonds, due in annual installments of \$250,000 to \$270,000 through June 15, 2023, interest at 4.00%	520,000	770,000
\$9,460,000, 2015 Bonds, due in annual installments of \$650,000 to \$700,000 through August 1, 2013, interest at 3.00% to 4.00%	6,770,000	7,395,000
\$4,463,056, 2015 Refunding Bonds, due in annual installments of \$476,780 to \$486,611 through October 1, 2024, interest at 4.200% to 4.25%	1,440,171	1,926,782
\$8,627,000, 2016 Bonds, due in annual installments of \$500,000 to \$797,000 through August 1, 2031, interest at 3.00% to 4.00%.	6,602,000	7,027,000
\$11,683,178, 2016 Refunding Bonds, due in annual installments of \$670,000 to \$1,175,180 through April 15, 2030, interest at 4.00%.	8,532,968	9,712,889
\$3,875,000, 2019 General Obligation Bonds, due in annual installments of \$250,000 to \$430,000 through July 15, 2031, interest at 2.50% to 4.00%.	3,430,000	3,660,000
\$5,215,000, 2020 General Obligation Bonds, due in annual installments of \$405,000 to \$660,000 through July 15, 2030, interest at 2.00% to 4.00%.	<u>4,885,000</u>	<u>5,215,000</u>
	<u>\$ 37,959,867</u>	<u>\$ 42,361,302</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u>	<u>2020</u>
\$477,200, 2006 Green Acres Loan due in Semi-annual installments of \$13,499 to \$14,690 through August, 2026, interest at 2.00%	\$ 141,524	\$ 167,990
	<u>\$ 141,524</u>	<u>\$ 167,990</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>2021</u>	<u>2020</u>
\$1,670,000, 2014 Refunding Bonds, due in annual installments of \$240,000 to \$265,000 through June 15, 2023, interest at 4.0%	\$ 505,000	\$ 750,000
\$4,714,000, 2018 Bonds, due in annual installments of \$155,000 to \$280,000 through June 25, 2038, interest at 2.5% to 5.0%	4,279,000	4,429,000
\$3,900,000, 2019 Bonds, due in annual installments of \$150,000 to \$250,000 through July 15, 2039, interest at 2.0% to 4.0%	<u>3,625,000</u>	<u>3,765,000</u>
	<u>\$ 8,409,000</u>	<u>\$ 8,944,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Bonds (Continued)

Sewer Utility	<u>2021</u>	<u>2020</u>
Allocated \$980,462, 2012 Refunding Bonds, due in annual installments of \$96,815 to \$98,456 through December 1, 2023 interest at 2.500% to 2.625%	\$ 195,272	\$ 295,369
Allocated \$76,944, 2015 Refunding Bonds, due in annual installments of \$8,220 to \$8,389 through October 1, 2024 interest at 4.00%	24,829	33,218
Allocated \$251,822, 2016 Refunding Bonds, due in annual installments of \$23,269 to \$24,820 through April 15, 2026, interest at 2.00% to 4.00%	122,032	147,111
\$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>2,105,000</u>	<u>2,190,000</u>
	<u>\$ 2,447,133</u>	<u>\$ 2,665,698</u>

Parking Utility

	<u>2021</u>	<u>2020</u>
\$3,335,000 2018 Revenue Refunding Bonds, due in annual installments of \$185,000 to \$300,000 through November 15, 2033 interest at 4.5%	<u>\$ 2,815,000</u>	<u>\$ 2,990,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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>2021</u>	<u>2020</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.	\$ 1,397,387	\$ 1,490,545
\$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%.	515,000	540,000
\$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.	8,094,758	8,499,497
\$3,210,000, 2018 Environmental Infrastructure Trust Loan, due in annual installments of \$95,000 to \$200,000, through August 1, 2041, interest at 3.0% to 5.0%.	<u>2,940,000</u>	<u>3,035,000</u>
	<u>\$12,947,145</u>	<u>\$13,565,042</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Utility Intergovernmental Loans Payable (Continued)

Sewer Utility	<u>2021</u>	<u>2020</u>
\$996,505, 2002 Environmental Infrastructure Fund Loan, due in semi-annual installments of \$1,216 to \$52,409 through August 1, 2022, interest free	\$ 53,623	\$ 106,448
\$21,010,000, 2002 Environmental Infrastructure Trust Loan, due in annual installments of \$71,402 to \$76,199 through August 1, 2022, interest at 4.75% to 5.00%	76,199	147,601
\$257,017, 2010 Environmental Infrastructure Fund Loan, due in semi-annual installments of \$4,590 to \$9,179 through August 1, 2029, interest free	82,210	95,979
\$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>35,818</u>	<u>40,609</u>
	<u>\$ 247,850</u>	<u>\$ 390,637</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2021 is as follows:

Calendar Year	<u>General Capital</u>		<u>Water Utility</u>		<u>Sewer Utility</u>		<u>Parking Utility</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
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	3,674,355	799,706	1,067,897	329,836	163,575	60,384	210,000	101,025	6,406,778
2026	3,741,965	676,467	1,087,897	309,924	162,750	54,657	220,000	91,575	6,345,235
2027-2031	16,777,000	1,608,450	5,609,486	1,212,546	672,593	192,810	1,235,000	302,400	27,610,285
2032-2036	515,000	20,600	5,909,486	715,180	650,000	91,650	580,000	39,600	8,521,516
2037-2041	-	-	4,247,688	209,612	260,000	11,700	-	-	4,729,000
	<u>\$ 38,101,391</u>	<u>\$ 6,432,813</u>	<u>\$ 21,356,145</u>	<u>\$ 3,921,247</u>	<u>\$ 2,694,983</u>	<u>\$ 638,193</u>	<u>\$ 2,815,000</u>	<u>\$ 889,652</u>	<u>\$ 76,849,424</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, the Agency had outstanding \$960,000 and \$1,615,000, respectively, subject to the City guarantee.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 and 2020, the Agency had outstanding \$2,525,000 and \$2,855,000, 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, 2021 and 2020 were as follows:

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

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt (Continued)

	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>142,787</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>\$ 361,352</u>
Parking Utility Capital Fund:					
Bonds Payable	<u>\$ 3,155,000</u>	<u>-</u>	<u>\$ 165,000</u>	<u>\$ 2,990,000</u>	<u>\$ 175,000</u>
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, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

The City's short-term debt activity for the years ended December 31, 2021 and 2020 was as follows:

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2020	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2021
<u>2021</u>						
<u>General Capital Fund</u>						
		<u>Purpose</u>				
	1.00%	7/28/2022	\$ 2,141,423	\$ 2,141,423	2,141,423	\$ 2,141,423
	1.00%	7/28/2022	476,190	476,190	476,190	476,190
	1.00%	7/28/2022	1,662,500	1,662,500	1,662,500	1,662,500
	1.00%	7/28/2022	85,137	85,137	85,137	85,137
	1.00%	7/28/2022	261,250	261,250	261,250	261,250
	1.00%	7/28/2022	2,000,000	2,000,000	2,000,000	2,000,000
	1.00%	7/28/2022	142,500	142,500	142,500	142,500
	1.00%	7/28/2022	1,006,000	1,006,000	1,006,000	1,006,000
	1.00%	7/28/2022		510,000		510,000
	1.00%	7/28/2022		1,200,000		1,200,000
	1.00%	7/28/2022		300,000		300,000
	1.00%	7/28/2022		1,200,000		1,200,000
	1.00%	7/28/2022		710,000		710,000
	1.00%	7/28/2022		120,000		120,000
	1.00%	7/28/2022	-	442,000	-	442,000
			<u>7,775,000</u>	<u>12,257,000</u>	<u>7,775,000</u>	<u>12,257,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

		Rate (%)	Maturity Date	Balance, December 31, 2020	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2021
2021							
<u>Water Utility Capital Fund</u>							
	<u>Purpose</u>						
	Various Improvements to Water Treatment Plant	1.00%	7/28/2022	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
	Various Acquisitions and Improvements	1.00%	7/28/2022	600,000	1,575,000	600,000	1,575,000
	Upgrade of Granular Activated Carbon Filter System	1.00%	7/28/2022	-	800,000	-	800,000
				<u>1,000,000</u>	<u>2,775,000</u>	<u>1,000,000</u>	<u>2,775,000</u>
<u>Sewer Utility Capital Fund</u>							
	<u>Purpose</u>						
	Kline/Madison Sewer Improvements	1.00%	7/28/2022	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
	Various Sewer Utility Improvements	1.00%	7/28/2022	798,000	798,000	798,000	798,000
	Repair of Sink Holes	1.00%	7/28/2022	500,000	500,000	500,000	500,000
				<u>1,498,000</u>	<u>1,498,000</u>	<u>1,498,000</u>	<u>1,498,000</u>
<u>Parking Utility Capital Fund</u>							
	<u>Purpose</u>						
	Various Parking Utility Capital Acquisitions and Improvements	1.00%	7/28/2022	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
	Purchase and Acquisition of Electric Vehicles	1.00%	7/28/2022	-	80,000	-	80,000
				<u>750,000</u>	<u>830,000</u>	<u>750,000</u>	<u>830,000</u>
	Total Bond Anticipation Notes			<u>\$ 11,023,000</u>	<u>\$ 17,360,000</u>	<u>\$ 11,023,000</u>	<u>\$ 17,360,000</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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
2020						
<u>General Capital Fund</u>						
		<u>Purpose</u>				
	2.00%	7/28/2021	\$ 836,155		\$ 836,155	
	2.00%	7/28/2021	190,476		190,476	
	2.00%	7/28/2021	1,632,622		1,632,622	
	2.00%	7/28/2021	2,142,768	\$ 2,141,423	2,142,768	\$ 2,141,423
	2.00%	7/28/2021	1,331,190		1,331,190	
	2.00%	7/28/2021	1,635,712		1,635,712	
	2.00%	7/28/2021	476,190	476,190	476,190	476,190
	2.00%	7/28/2021	1,662,500	1,662,500	1,662,500	1,662,500
	2.00%	7/28/2021	85,137	85,137	85,137	85,137
	2.00%	7/28/2021	261,250	261,250	261,250	261,250
	2.00%	7/28/2021		2,000,000		2,000,000
	2.00%	7/28/2021		142,500		142,500
	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, 2021 AND 2020**

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>2020</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

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, 2021 AND 2020**

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>2021</u>		
2021 Road Resurfacing Project – DOT	\$668,659	2022
Madden Field Improvements – Phase 2	426,157	2022
Madden Field Sports Lighting	543,468	2022
Four Door Custom Fire Apparatus	518,000	2022
Pelican Sweeper	229,464	2022
<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

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 \$8,279,118 and \$7,988,481 at December 31, 2021 and 2020, 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, 2021 and 2020, the City has reserved in the Other Trust Fund \$198,000 and \$981,318, 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, 2021 and 2020 is \$590,451 and \$788,126, respectively.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation (Continued)

During the years ended December 31, 2021, 2020 and 2019 the City was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

Years Ended December 31,	<u>PERS</u>	<u>PFRS</u>
2021	\$ 34,700	\$ 206,220
2020	34,608	206,016
2019	34,330	204,983

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, 2021 and 2020 were as follows:

	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
Compensated Absences	\$ 7,988,481	\$ 290,637		\$ 8,279,118	
Deferred Pension Obligation	788,126	43,244	\$ 240,920	590,450	\$ 245,472
Net Pension Liability - PERS (1)	16,261,255			16,261,255	
Net Pension Liability - PFRS (1)	44,755,761			44,755,761	
Net OPEB Liability (1)	<u>54,770,012</u>	<u>-</u>	<u>-</u>	<u>54,770,012</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 124,563,635</u>	<u>\$ 333,881</u>	<u>\$ 240,920</u>	<u>\$ 124,656,596</u>	<u>\$ 245,472</u>

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

	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>					
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	<u>37,913,557</u>	<u>16,856,455</u>	<u>-</u>	<u>54,770,012</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 107,577,669</u>	<u>\$ 17,555,356</u>	<u>\$ 569,390</u>	<u>\$ 124,563,635</u>	<u>\$ 240,920</u>

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 AND 2020**

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 CPFPF.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021 AND 2020**

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, 2021 was not available and for June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32% at June 30, 2020. The collective net pension liability of the participating employers for local PFRS at June 30, 2021 was not available and for June 30, 2020 is \$14.9 billion and the plan fiduciary net position as a percentage of total pension liability is 63.52% at June 30, 2020.

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

Actuarial Methods and Assumptions

In the July 1, 2019 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 2021 and 2020 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, 2021 and 2020 for CPFPP, 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 2021, 2020 and 2019 were equal to the required contributions.

During the years ended December 31, 2021, 2020 and 2019, 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>CPFPP</u>	<u>PFRS</u>	<u>PERS</u>	<u>DCRP</u>
2021	\$ 17,955	\$ 3,993,145	\$ 1,195,632	\$ 18,680
2020	17,955	3,638,135	891,567	16,826
2019	17,955	3,604,001	929,127	18,332

In addition, for the years ended December 31, 2021, 2020 and 2019, the City contributed \$-0-, \$2,876 and \$3,047, respectively for long-term disability insurance premiums (LTDI) for PERS.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Under GASB Statement No. 68 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer’s prior fiscal year. The GASB No. 68 financial information from the State’s Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State’s Division of Local Government Services issued Local Finance Notice 2022-12 which authorized and permits New Jersey municipalities to present the most recent available audited GASB No. 68 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB No. 68 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

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

Public Employees Retirement System (PERS)

At December 31, 2020, the City reported a liability of \$16,261,255, for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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 year ended December 31, 2020, the pension system has determined the City’s pension expense to be \$766,982, for PERS based on the actuarial valuation which are less than the actual contributions reported in the City’s financial statements of \$891,567. At December 31, 2020, 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	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 296,091	\$ 57,507
Changes of Assumptions	527,534	6,808,741
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	555,823	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>1,719,645</u>	<u>409,006</u>
Total	<u>\$ 3,099,093</u>	<u>\$ 7,275,254</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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:

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ (1,651,234)
2022	(1,552,920)
2023	(764,473)
2024	(160,012)
2025	(47,522)
Thereafter	-
	<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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

<u>PERS</u>	<u>2020</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 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, 2021 AND 2020**

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, as reported for the year ended December 31, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

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, 2021 AND 2020**

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>
Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the City's proportionate share of the PERS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

<u>2020</u>	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
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>

The sensitivity analysis was based on the proportionate share of the City's net pension liability at December 31, 2020. 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, 2021 AND 2020**

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, the City reported a liability of \$44,755,761, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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 year ended December 31, 2020, the pension system has determined the City pension expense to be \$1,460,558, 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. At December 31, 2020, 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	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 451,214	\$ 160,623
Changes of Assumptions	112,628	11,998,752
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,624,240	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	3,846,432
Total	<u>\$ 3,188,082</u>	<u>\$ 16,005,807</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 <u>December 31,</u>	<u>Total</u>
2021	\$ (5,525,584)
2022	(3,848,371)
2023	(1,898,893)
2024	(906,606)
2025	(638,271)
Thereafter	<u>-</u>
	<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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</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 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, 2021 AND 2020**

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, as reported for the year ended December 31, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>2020</u>	
	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

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, 2021 AND 2020**

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>
Period of Projected Benefit Payments for which the Following Rates were Applied: Long-Term Expected Rate of Return	All Periods

Sensitivity of Net Pension Liability

The following presents the City’s proportionate share of the PFRS net pension liability as of December 31, 2020 calculated using the discount rate of 7.00% as well as what the City’s proportionate share of the PFRS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

<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	<u>\$ 59,515,950</u>	<u>\$ 44,755,761</u>	<u>\$ 32,496,296</u>

The sensitivity analysis was based on the proportionate share of the City’s net pension liability at December 31, 2020. 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, 2021 AND 2020**

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, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$6,945,890. For the year ended December 31, 2020, 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, which are more than the actual contributions the State made on behalf of the City of \$534,482. 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, 2019 (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, 2021 AND 2020**

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. 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, 2021 AND 2020**

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, 2021 was not available and for 2020 is \$17.9 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is 0.91% at June 30, 2020.

The total OPEB liabilities were determined based on actuarial valuations as of July 1, 2019 which was rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 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 \$292.4 and the State of New Jersey, as the non-employer contributing entity, contributed \$35.0 million for fiscal year 2020.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2021, 2020 and 2019 were \$2,573,648, \$2,320,702 and \$2,320,242, respectively, which equaled the required contributions for each year. In addition, the City's reimbursements to eligible retired employees for Medicare Part B insurance coverage for the years ended December 31, 2021, 2020 and 2019 were \$92,071, \$86,956 and \$80,386, respectively.

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

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

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2021 for the measurement date of June 30, 2021 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2022-12 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2021 is not presented in the notes to the financial statements.

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

At December 31, 2020, the City reported a liability of \$54,770,012 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. 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, 2020 to the total OPEB liability for the State Health Benefit Program Fund – Local Government Retired Plan at June 30, 2020. As of the measurement date of June 30, 2020 the City's proportionate share was .30518 percent, which was an increase of .0253 percent from its proportionate share measured as of June 30, 2019 of .27988 percent.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020, the Plan has determined the City's OPEB expense to be \$519,480, based on the actuarial valuations which is less than the actual contributions reported in the City's financial statements of \$2,573,648. At December 31, 2020, 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>2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,442,600	\$ 10,199,198
Changes of Assumptions	8,191,870	12,180,005
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	34,782	
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>46,959,179</u>	<u>36,364,710</u>
Total	<u>\$ 56,628,431</u>	<u>\$ 58,743,913</u>

At December 31, 2020, 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:

Year Ending <u>December 31,</u>	<u>Total</u>
2022	\$ (909,425)
2023	(909,426)
2024	(915,502)
2025	(918,753)
2026	(921,972)
Thereafter	<u>2,459,596</u>
	<u>\$ (2,115,482)</u>

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 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, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement date:

	<u>2020</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 Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.
PFRS	Pub-2010 Safety Classification Headcount- Weighted Mortality Table with fully generational mortality improvement projections from the central year using Scale MP-2020.

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

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years.

**CITY OF RAHWAY
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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)

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

Discount Rate

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

Calendar Year	Measurement Date	Discount Rate
2020	June 30, 2020	2.21%
2019	June 30, 2019	3.50%

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

Sensitivity of Net OPEB Liability to Changes in the Discounts Rate

The following presents the City’s proportionate share of the net OPEB liability as of December 31, 2020 calculated using the discount rate of 2.21%, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

<u>2020</u>	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
City's Proportionate Share of the Net OPEB Liability	<u>\$ 64,749,726</u>	<u>\$ 54,770,012</u>	<u>\$ 46,870,161</u>

The sensitivity analysis was based on the proportionate share of the City’s net OPEB liability at December 31, 2020. 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, 2021 AND 2020**

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 net OPEB liability as of December 31, 2020 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>2020</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
City’s Proportionate Share of the Net OPEB Liability	\$ 45,322,241	\$ 54,770,012	\$ 67,141,997

The sensitivity analysis was based on the proportionate share of the City’s net OPEB liability at December 31, 2020. 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, 2020, the State’s proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$27,205,820. For the year ended December 31, 2020 the plan has determined the State’s proportionate share of the OPEB expense (benefit) attributable to the City for the OPEB special funding situation is \$(1,354,312). At December 31, 2020, (measurement date June 30, 2020), the State’s share of the OPEB liability attributable to the City was .49806 percent, which was an increase of .08883 percent from its proportionate share measured as of December 31, 2019 (measurement date June 30, 2019) of .40923 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, 2021 AND 2020**

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 December 31,</u>	<u>City Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2021	\$ 50,000	\$ 30,327	\$ 98,396	\$ 18,052
2020	52,882	19,248	101,319	36,027
2019		55,443	61,476	65,216

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2021 and 2020. 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 both December 31, 2021 and 2020, the City reserved \$749,659, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 AND 2020**

NOTE 18 TAX ABATEMENTS

For the years ended December 31, 2021 and 2020, 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, 2021 and 2020 the City abated property taxes totaling \$5,239,733 and \$3,709,840, respectively under the LTTE program. The City received \$2,564,051 and \$1,492,554 in PILOT payments under this program for the years ended December 31, 2021 and 2020, 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. On March 13, 2020, the President of the United States declared a national emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. Governor Phil Murphy, of the State of New Jersey, also declared a public health emergency on March 9, 2020 and instituted mandatory measures via various executive orders to contain the spread of the virus, including closing schools and nonessential businesses and limiting social gatherings. These measures, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the Governor’s pandemic-related executive orders 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. On January 11, 2022, the Governor reinstated, via Executive Order No. 280, the state of emergency and declared a new public health emergency in response to a surge in cases tied to new variants of COVID-19, in particular the Omicron variant. Such public health emergency was set to expire 30 days from January 11, 2022, but was later extended, via Executive Order No. 288, for an additional 30 days on February 10, 2022. 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.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

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

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

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

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

The City will receive \$3,129,066 from the Plan in two equal payments. On May 24, 2021, the City received its first installment of funds under the Plan in the amount of \$1,564,533. The City utilized \$1,207,393 of this first installment in the 2021 budget to replace lost public sector revenue. The City has not yet determined how it will spend the remaining funds received or the second installment to be received in 2022. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

**CITY OF RAHWAY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 20 SUBSEQUENT EVENTS

Serial Bonds

On June 13, 2022, the City adopted a resolution for the issuance of \$7,330,000 in general Improvement Bonds and \$1,848,000 in Sewer Utility bonds for the purpose of funding various capital improvements. On July 14, 2022, the City awarded the sale of said bonds to Roosevelt & Cross, Inc. at an interest rate of 3.0% to 4.0%. These bonds, dated July 15, 2022, will mature over seventeen (17) years with the first maturity due July 15, 2023.

Bond Anticipation Notes

On July 28, 2022, the City issued Bond Anticipation Notes in the amount of \$14,429,000 to temporarily finance expenditures related to various capital projects. The City awarded the sale of said notes to Cede & Co., at an interest rate of 3.50%. These notes, dated July 28, 2022 will mature on July 28, 2023.

Debt Authorized

During 2022, the City adopted bond ordinances authorizing the issuance of \$8,249,000 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, 2020		\$ 21,881,831
Increased by:		
Taxes Receivable	\$ 100,690,075	
Revenue Accounts Receivable	14,263,304	
Prepaid Taxes	543,988	
Tax Overpayments	8,408	
Grants Receivable	1,584,365	
Non Budget Revenue	1,418,361	
Due from State-Senior and Veterans Deductions	130,784	
Receipts from General Capital Fund	1,155,868	
Receipts from Other Trust Fund	93,107	
Receipts from CDBG Trust Fund	23,748	
Receipts from Water Utility Operating Fund	672,926	
Unappropriated Reserves for Grants	471,115	
	<u>121,056,049</u>	
		142,937,880
Decreased by:		
2021 Budget Appropriations	53,712,935	
2020 Appropriation Reserves	334,171	
Encumbrances Payable	1,208,418	
County Taxes	14,442,889	
County Added Taxes	44,602	
Local District School Taxes	46,603,666	
Special Improvement District Taxes	558,000	
Unappropriated Grant Reserves	35,000	
Appropriated Reserves for Grants	134,293	
Tax Overpayments	11,082	
Payments to Rahway Redevelopment Agency	177,121	
Refund of Prior Year Revenue	86,780	
Payments to Self Insurance Trust Fund	45,160	
Payments to Sewer Utility Operating Fund	1,691,023	
Payments to Parking Utility Operating Fund	37,000	
	<u>119,122,140</u>	
Balance, December 31, 2021		<u>\$ 23,815,740</u>

**CITY OF RAHWAY
STATEMENT OF CHANGE FUNDS**

	Balance, December 31, <u>2020</u>	Balance, December 31, <u>2021</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>2020</u>	2021 Revenue <u>Realized</u>	Cash <u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2021</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	2,105,015		1,402,728	\$ 702,287	
Bulletproof Vest Partnership		\$ 10,461			10,461
Recreation for Individuals with Disabilities		20,000			20,000
Cooperative Housing		17,750	1,491		16,259
Strengthening Local Health Capacity		291,042	154,676		136,366
NJ Crime Stats Exchange	20,000	-	-	-	20,000
	<u>\$ 2,637,800</u>	<u>\$ 339,253</u>	<u>\$ 1,584,365</u>	<u>\$ 702,287</u>	<u>\$ 690,401</u>
			Appropriated Grant Reserves	<u>\$ 702,287</u>	

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

Balance, December 31, 2020		\$ 69,718
Increased by:		
Senior Citizens' and Veterans' Deductions Per Tax Billings	\$ 133,500	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector -2021 Taxes	4,046	
Senior Citizens' and Veterans' Deductions Allowed by Tax Collector -2020 Taxes	<u>3,247</u>	
		<u>140,793</u>
		210,511
Decreased by:		
Cash Receipts	130,784	
Senior Citizen and Veteran Deductions Disallowed by Tax Collector	<u>3,228</u>	
		<u>134,012</u>
Balance, December 31, 2021		<u>\$ 76,499</u>

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

Year	Balance, December 31, 2020	2021 Levy	Added Taxes	Senior Citizens' and Veterans' Deductions Disallowed	Collected In 2020	2021	Senior Citizens' and Veterans' Deductions Allowed	Cancelled	Transferred to Tax Title Liens	Balance, December 31, 2021
2019	\$ 324,790				\$ 249,290		3,247	\$ 28,953	\$ 38,633	\$ 7,914
2020	<u>1,656,953</u>	-	\$ 77,524	-	-	<u>1,632,462</u>		<u>54,666</u>	<u>41,895</u>	<u>2,207</u>
	1,981,743	-	77,524	-	1,881,752		3,247	83,619	80,528	10,121
2021	-	<u>\$ 100,507,935</u>	<u>324,441</u>	<u>3,228</u>	<u>\$ 518,985</u>	<u>98,808,323</u>	<u>\$ 137,546</u>	<u>1,120</u>	<u>\$ 102,256</u>	<u>1,267,374</u>
	<u>\$ 1,981,743</u>	<u>\$ 100,507,935</u>	<u>\$ 401,965</u>	<u>\$ 3,228</u>	<u>\$ 518,985</u>	<u>\$ 100,690,075</u>	<u>\$ 140,793</u>	<u>\$ 84,739</u>	<u>\$ 182,784</u>	<u>\$ 1,277,495</u>

Analysis of 2021 Tax Levy

Tax Yield										
General Purpose Tax			\$ 100,182,762							
Special Improvement District Tax			325,173							
Added Taxes (54:4-63.1 et seq.)			<u>324,441</u>							<u>\$ 100,832,376</u>
Tax Levy										
Special Improvement District Tax			\$ 325,000							
Local District School Tax (Abstract)			46,603,673							
County Tax			\$ 13,999,123							
County Open Space			443,766							
County Share of Added Taxes			<u>58,378</u>			14,501,267				
Local Tax for Municipal Purposes			38,160,360							
Minimum Library Tax			974,150							
Additional Tax Levied			<u>267,926</u>							<u>\$ 100,832,376</u>
			<u>39,402,436</u>							

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

Balance, December 31, 2020		\$ 484,349
Increased by:		
Transfers from Current Taxes Receivable	\$ 102,256	
Transfers from Delinquent Taxes Receivable	80,528	
Interest and Costs at Tax Sale	<u>40,102</u>	
		<u>222,886</u>
Balance, December 31, 2021		<u>\$ 707,235</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES

Balance, December 31, 2020	<u>\$ 2,664,500</u>
Balance, December 31, 2021	<u>\$ 2,664,500</u>

CITY OF RAHWAY
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, 2020	Accrued in 2021	Collected	Balance, December 31, 2021
Licenses				
Alcoholic Beverages		\$ 53,040	\$ 53,040	
Other		4,635	4,635	
Fees and Permits		122,574	122,574	
Municipal Court				
Fines and Costs	\$ 15,952	346,043	332,051	\$ 29,944
Interest and Costs on Taxes		452,452	452,452	
Interest on Investments		38,075	38,075	
Police Department Fees		104,391	104,391	
Payments in Lieu of Taxes				
Lower Essex St. - Denholtz Management		522,993	522,993	
Rahway Parking Authority				
Rosegate		25,000	25,000	
Housing Authority		134,098	134,098	
Senior Citizen Housing		339,480	339,480	
Meyers Senior Residence		30,244	30,244	
Metro		137,209	137,209	
Waters Edge		181,657	181,657	
Lafayette		244,542	244,542	
Reva		439,622	439,622	
Arist Housing		18,462	18,462	
Comcast Cable Franchise Fee		86,363	86,363	
Cellular Phone Tower Fees		478,136	478,136	
Vacant/Foreclosure House Registration		297,050	297,050	
Police Security - Administrative Fees		69,780	69,780	
Planning Board Application Fees		33,670	33,670	
Street Opening Permits		34,419	34,419	
Motor Vehicle Fines				
Uniform Construction Code Penalties		14,010	14,010	
Uniform Construction Code Fees		1,090,280	1,090,280	
Energy Receipts Taxes		3,652,330	3,652,330	
Consolidated Municipal Property Tax Relief Aid		356,643	356,643	
U.C.U.A. Host Community Fees		2,798,855	2,798,855	
Berkeley Heights Health Services Contract				
Solid Waste Fees				
Rahway Housing Authority		31,000	31,000	
Rahway Board of Education		6,000	6,000	
Bulky Waste Fees				
Kenilworth		45,742	45,742	
Outside Health Services				
Scotch Plains		70,000	70,000	
Winfield		8,364	8,364	
Hotel Fees		192,098	192,098	
Reserve for Payment of Debt		610,646	610,646	
American Rescue Plan	-	1,207,393	1,207,393	-
	<u>\$ 15,952</u>	<u>\$ 14,277,296</u>	<u>\$ 14,263,304</u>	<u>\$ 29,944</u>

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

Balance, December 31, 2020	\$ 41,552
Increased by:	
Liens Issued	<u>82,956</u>
Balance, December 31, 2021	<u>\$ 124,508</u>

STATEMENT OF DUE FROM/TO RAHWAY REDEVELOPMENT AGENCY

Balance, December 31, 2020 (Due to)	\$ 166,467
Increased by:	
Payments to Redevelopment Agency	<u>177,121</u>
Balance, December 31, 2021 (Due from)	<u>\$ 10,654</u>

**CITY OF RAHWAY
STATEMENT OF 2020 APPROPRIATION RESERVES**

	Balance December 31, <u>2020</u>	Cancelled Encumbrances <u>Payable</u>	Reclassification of Prior Year CARES <u>Expenditures</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
General Government						
Department of Administration						
Salaries and Wages	\$ 830		\$ 1,982	\$ 2,812	\$ 407	\$ 2,405
Other Expenses	5,318		26,356	99,674	15,007	84,667
Municipal Council						
Salaries and Wages	1,159			1,159		1,159
Other Expenses	90			90		90
Environmental Commission						
Salaries and Wages	200			200		200
Other Expenses	150	\$ 25		175		175
City Clerk						
Salaries and Wages	407			407		407
Other Expenses	54	185		239		239
Department of Revenue and Finance						
Salaries and Wages	3,719		4,097	4,816		4,816
Other Expenses	21,667		159,946	214,613	33,168	181,445
Department of Assessment						
Salaries and Wages	1,694			1,694		1,694
Other Expenses	7,244			24,244	19,053	5,191
Department of Law						
Salaries and Wages	964			964		964
Other Expenses	69,534		2,593	72,127	44,279	27,848
Municipal Court						
Salaries and Wages	4,983			4,983		4,983
Other Expenses	13,398	4,298		17,696		17,696
Division of Engineering						
Salaries and Wages	738			738		738
Other Expenses	95,212		736	95,948	6,887	89,061
Department of Building, Planning & Economic Development						
Salaries and Wages	584			584		584
Other Expenses	8,109	1,500		9,609		9,609
Planning Board						
Salaries and Wages	37			37		37
Other Expenses	466		6,232	6,698	329	6,369
Board of Adjustment						
Salaries and Wages	37			37		37
Other Expenses	377			5,377	3,669	1,708
Municipal A.B.C. Board						
Salaries and Wages	1,783			1,783		1,783
Other Expenses	617			617		617
Insurance						
Other Insurance	74,505			120,505	66,438	54,067
Employee Group Insurance	160,127	80,413		73,540	32,812	40,728
Police Department						
Salaries and Wages	1,847		18,854	20,701	8	20,693
Other Expenses	11,251		9,590	20,841	1,384	19,457
Office of Emergency Management						
Salaries and Wages	1,501			1,501		1,501
Other Expenses	1,017	100		1,117		1,117
Fire Department						
Salaries and Wages	99			99		99
Other Expenses	26,443		4,397	30,840	19,246	11,594

CITY OF RAHWAY
STATEMENT OF 2020 APPROPRIATION RESERVES

	Balance December 31, 2020	Cancelled Encumbrances Payable	Reclassification of Prior Year CARES Expenditures	Balance After Modification	Expended	Balance Lapsed
Department of Public Works						
Salaries and Wages	\$ 257		\$ 118,961	119,218	\$ 250	\$ 118,968
Other Expenses	120,427		36,274	156,701	79,659	77,042
Solid Waste and Recycling						
Salaries and Wages	268			1,268		1,268
Other Expenses	160,100			160,100	86,535	73,565
Department of Health and Welfare						
Salaries and Wages	4,324		198,974	203,298		203,298
Other Expenses	27,277		1,720	28,997	25,739	3,258
Community Services - Senior Services						
Salaries and Wages	6,529			6,529		6,529
Other Expenses	24,189	\$ 3,897		28,086		28,086
Recreation Department						
Salaries and Wages	818		1,127	1,945		1,945
Other Expenses	1,321	3,911	26,837	32,069		32,069
Revenue Administration						
Salaries and Wages	39			39		39
Other Expenses	10,260			10,260		10,260
Uniform Construction Code Enforcement						
Salaries and Wages	2,403			2,403		2,403
Other Expenses	12,648		121	12,769	30	12,739
Unclassified						
Electricity	129,300			129,300	47,583	81,717
Heating Fuels	36,015			36,015	14,613	21,402
Telephone	42,119			42,119	37,466	4,653
Street Lighting	69,447			69,447	52,191	17,256
Statutory Expenditures						
Contribution to:						
Social Security System (O.A.S.I.)	13,186		75,277	88,463		88,463
Pension Adjustment Fund	2,045			2,045		2,045
DCRP	3,174			3,174		3,174
Maintenance of Free Public Library (Chapter 82, P.L. 1985)						
Other Expenses	90,500			90,500	90,500	-
Police Dispatch 9-1-1 System						
Salaries and Wages	8,230			8,230		8,230
Other Expenses	3,186	3	-	3,189	-	3,189
Total	\$ 1,284,223	\$ 94,332	\$ 694,074	\$ 2,072,629	677,253	\$ 1,395,376
					\$ 334,171	
					250,000	
					93,082	
					<u>\$ 677,253</u>	

**CITY OF RAHWAY
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2020		\$ 1,500,206
Increased by:		
Charged to 2021 Budget Appropriations	\$ 1,193,736	
Charged to Appropriated Grant Reserves	<u>42,879</u>	
		<u>1,236,615</u>
		2,736,821
Decreased by:		
Cash Disbursements	1,208,418	
Cancelled to Appropriation Reserves	<u>94,332</u>	
		<u>1,302,750</u>
Balance, December 31, 2021		<u>\$ 1,434,071</u>
	2021 Budget Appropriations	\$ 1,193,736
	Appropriated Grant Reserves	<u>240,335</u>
		<u>\$ 1,434,071</u>

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2020		\$ 198,384
Increased by:		
Transferred from Appropriation Reserves		<u>\$ 93,082</u>
Balance, December 31, 2021		<u>\$ 291,466</u>

STATEMENT OF OTHER LIABILITIES

Balance, December 31, 2020		<u>\$ 561,560</u>
Decreased by:		
Cancelled to Operations		<u>\$ 561,560</u>

**CITY OF RAHWAY
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2020	\$	11,082
Increased by:		
Tax Overpayments		8,408
		19,490
Decreased by:		
Cash Disbursements		11,082
Balance, December 31, 2021	\$	8,408

STATEMENT OF PREPAID TAXES

Balance, December 31, 2020	\$	518,985
Increased by:		
Collection of 2022 Taxes		543,988
		1,062,973
Decreased by:		
Applied to 2021 Taxes		518,985
Balance, December 31, 2021	\$	543,988

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

	Balance, December 31, <u>2020</u>	Increased by <u>Receipts</u>	Decreased by: Budgeted <u>Revenue</u>	<u>Expended</u>	Balance, December 31, <u>2021</u>
Multiple Housing Inspection	\$ 7,328		\$ 7,328		
Police Body Armor Grant	6,795	\$ 4,920	6,795		\$ 4,920
Recycling Tonnage Grant	16,338	16,558	16,338		16,558
Thomas Grahill Trust	10,000	20,000	10,000		20,000
Clean Communities	47,846	50,936	47,846		50,936
Green the Streets	4,500		4,500		
Union County Recreation Grant					
CLEP Grant	7,000	2,550	7,000		2,550
Municipal Alliance		9,761			9,761
Recreation Heart Grant		1,250			1,250
EV Grant		8,000			8,000
American Rescue Plan		357,140		\$ 35,000	322,140
NJ County Health Grant	5,615	-	5,615	-	-
	<u>\$ 105,422</u>	<u>\$ 471,115</u>	<u>\$ 105,422</u>	<u>\$ 35,000</u>	<u>\$ 436,115</u>

CITY OF RAHWAY
STATEMENT OF APPROPRIATED RESERVES FOR GRANTS

	Balance, December 31, <u>2020</u>	Transferred from 2021 Budget <u>Appropriations</u>	Reclassification of Prior Year CARES <u>Expenditures</u>	<u>Expended</u>	<u>Cancelled</u>	Balance, December 31, <u>2021</u>
Multiple Housing Inspections	\$ 57,978	\$ 25,078				\$ 83,056
Clean Communities	204,550	47,846		\$ 6,996		245,400
Senior Services	13,295					13,295
Drunk Driving Enforcement Fund	36,201					36,201
Body Armor Grant	6,720	6,795		4,920		8,595
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	10,931			4,368		6,563
Recycling Tonnage Grant	24,046	16,338		9,591		30,793
Safe and Secure Communities	110,355					110,355
Blue Acres	8,684					8,684
Emergency Management Grant	18,712					18,712
NJACCO COVID	17,786			876		16,910
Infant Smoke Detector Program	432					432
NJ Tree Foundation	2,500					2,500
Local Law Enforcement Block Grant	17,548					17,548
Hazardous Discharge Site Remediation	188,720					188,720
ADA Taser Grant	11,240					11,240
Alcohol Education and Rehabilitation Fund	13,278					13,278
General Motors - DARE Programs	7,260					7,260
Merck & Co. Mini Grant	15,415					15,415
Recreation Heart Grant	5,128			3,000		2,128
Recreation History Grant	375					375
County PDA Grant	345					345
Grahill Charitable Trust	13,680	10,000		22,436		1,244
NY/NJ Snowflake Youth	5,118					5,118
Drug Free Communities	226,914			55,783		171,131
Anti Gang Strategies	75,878					75,878
Smart Growth Program	8,000					8,000
Green the Streets	99,733	4,500		25,109		79,124
Statewide Livable Communities - Library	72,396					72,396
Local Domestic Preparedness	2,630					2,630
Union County Recreation Grant	98,579	20,000		16,504		102,075
Kids Recreation Grant	68,139					68,139
Pandemic Influenza Grant	9,094					9,094
Child Passenger Safety Grant	2,375					2,375
NJ DOT Highway Safety	41,760			6,766		34,994
NJ Wayfinding System	75,000					75,000
NJ 911 General Assistance Grant	301					301
NJ 911 Equipment Grant	47					47
You Drink, Your Drive, You Lose	7,091					7,091
Bulletproof Vest		10,461		4,040		6,421
NJ DCA Brownfields	27,271					27,271
Downtown Retail Study	20,000					20,000
NJ BPU Clean Energy Program	44,839					44,839
Obey the Signs	4,000					4,000
Click It or Ticket	8,006					8,006
Byrne Justice Grant	2,322					2,322
CARES Act 2020	1,400,721		\$ 694,074	4,360	\$ 702,287	
State Forestry Services	6,000			6,000		
Motor Vehicles	3,000					3,000
CLEP Grant	3,750	7,000				10,750
NJ County Health Grant		5,615				5,615
Strengthening Local Health Capacity		291,042		6,423		284,619
Matching Funds for Grants	14,268	-	-	-	-	14,268
	<u>\$ 3,130,497</u>	<u>\$ 444,675</u>	<u>\$ 694,074</u>	<u>\$ 177,172</u>	<u>\$ 702,287</u>	<u>\$ 2,001,639</u>
		2020 Appropriation Reserves	<u>\$ 694,074</u>			
		Cash Disbursements		\$ 134,293		
		Encumbrances Payable		<u>42,879</u>		
				<u>\$ 177,172</u>		
					Grants Receivable	<u>\$ 702,287</u>

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

Increased by:		
2021 Levy		
General Taxes	\$ 13,999,113	
County Open Space Taxes	<u>443,776</u>	
		<u>\$ 14,442,889</u>
Decreased by:		
Payments		<u>\$ 14,442,889</u>

STATEMENT OF AMOUNT DUE COUNTY FOR ADDED TAXES

Balance, December 31, 2020	\$ 44,602
Increased by:	
2021 County Added Taxes	<u>58,378</u>
	102,980
Decreased by:	
Payments	<u>44,602</u>
Balance, December 31, 2021	<u>\$ 58,378</u>

STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE

Balance, December 31, 2020 (Prepaid Local School Taxes)	\$ 691,007
Increased by:	
Payments	<u>46,603,666</u>
	47,294,673
Decreased by:	
2021 Levy	<u>46,603,673</u>
Balance, December 31, 2021 (Prepaid Local School Taxes)	<u>\$ 691,000</u>

EXHIBIT A-25

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

Balance, December 31, 2020	\$ 336,570
Increased by:	
2021 Levy	<u>325,000</u>
	661,570
Decreased by:	
Payments to SID District	<u>558,000</u>
Balance, December 31, 2021	<u>\$ 103,570</u>

EXHIBIT A-26

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2020	<u>\$ 749,659</u>
Balance, December 31, 2021	<u>\$ 749,659</u>

EXHIBIT A-27

STATEMENT OF DEFERRED CHARGES

	<u>Amount Authorized</u>	<u>Balance, December 31, 2020</u>	<u>Balance, December 31, 2021</u>
COVID-19 Revenue Losses	<u>\$ 1,850,000</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, 2020	\$ 11,114	\$ 660,262	\$ 4,500,855	\$ 25,426
Increased by Receipts:				
Due State of New Jersey	727			
Animal Control Licenses	5,385			
Community Development Receipts		446,483		
Grants Receivable		4,111		
Loans Receivable		89,229		
Deferred Loans Receivable		45,623		
Interest on Loans				
Current Fund Budget Appropriation				
Unemployment				50,000
Workers Compensation			3,285,804	35,000
Miscellaneous Deposits and Reserves				
Employee Unemployment Contributions				
Payroll Deductions Payable			12,852,313	30,327
Accrued Salaries and Wages			16,679,823	
Reserve for Flex Spending				45,160
Receipts from Current Fund				57,190
Receipts from Other Trust Fund	23		14,111	117
Interest Earned				
	<u>6,135</u>	<u>585,446</u>	<u>32,832,051</u>	<u>217,794</u>
	<u>17,249</u>	<u>1,245,708</u>	<u>37,332,906</u>	<u>243,220</u>
Decreased by Disbursements:				
Reserve for:				
Community Development Expenditures				
Reserve for Expenditures		151,386		
Encumbrances Payable		27,795		
Payments to County of Union		140,000		
Miscellaneous Deposits and Reserves			2,867,851	
Unemployment Claims				122,520
Workmen's Compensation Claims				33,095
Payroll Deductions Payable			12,821,140	
Accrued Salaries & Wages			16,719,794	
Other Liabilities			164,490	
Reserve for Flex Spending			3,015	
Due to State of New Jersey	731	23,748	93,107	
Payments to Current Fund			57,190	
Payments to Self-Insurance Trust Fund				
	<u>731</u>	<u>342,929</u>	<u>32,726,587</u>	<u>155,615</u>
Balance, December 31, 2021	\$ 16,518	\$ 902,779	\$ 4,606,319	\$ 87,605

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

Balance, December 31, 2020	\$ 8
Increased by:	
License Fees Collected	<u>727</u>
	735
Decreased by:	
Payments to State of New Jersey	<u>731</u>
Balance, December 31, 2021	<u>\$ 4</u>

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

Balance, December 31, 2020	\$ 11,106
Increased by:	
Animal License Fees Collected	<u>5,385</u>
	16,491
Decreased by:	
Statutory Excess Due to Current Fund	<u>6,877</u>
Balance, December 31, 2021	<u>\$ 9,614</u>

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

Increased by:	
Interest Earned	\$ 23
Statutory Excess	<u>6,877</u>
	<u>\$ 6,900</u>
Balance, December 31, 2021	<u>\$ 6,900</u>

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

	Balance, December 31, <u>2020</u>	2021 Grant <u>Awards</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2021</u>
Program Year				
2019 - Year 44	\$ 71			\$ 71
2020 - Year 45	33,485		\$ 27,444	6,041
2021 - Year 46	635,250		419,039	216,211
2021 - Year 47	<u>-</u>	<u>\$ 725,250</u>	<u>-</u>	<u>725,250</u>
	<u>\$ 668,806</u>	<u>\$ 725,250</u>	<u>\$ 446,483</u>	<u>\$ 947,573</u>

EXHIBIT B-7

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

Balance, December 31, 2020	\$ 203,676
Decreased by:	
Loan Repayments - Principal	<u>4,111</u>
Balance, December 31, 2021	<u>\$ 199,565</u>

EXHIBIT B-8

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

Balance, December 31, 2020	\$ 2,830,674
Increased by:	
Loans Advanced	<u>137,389</u>
	2,968,063
Decreased by:	
Loan Repayments	<u>89,229</u>
Balance, December 31, 2021	<u>\$ 2,878,834</u>

EXHIBIT B-9

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

Balance, December 31, 2020	\$ 124,957
Increased by:	
Charged to Program Expenditures	<u>67,481</u>
	192,438
Decreased by:	
Payments	<u>27,795</u>
Balance, December 31, 2021	<u>\$ 164,643</u>

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

	Balance, December 31, <u>2020</u>	<u>Receipts</u>	Loan <u>Repayments</u>	2021 Grants <u>Authorized</u>	<u>Expenditures</u>	<u>Transfer</u>	Balance, December 31, <u>2021</u>
Union County Projects:							
2021 Projects (Year 46)	\$ 415,066			\$ 725,250	\$ 108,598	\$ (270,000)	\$ 36,468
2022 Projects (Year 47)					110,269		614,981
Program Income	<u>171,245</u>	<u>\$ 45,623</u>	<u>\$ 93,340</u>	<u>-</u>	<u>-</u>	<u>(140,000)</u>	<u>170,208</u>
	<u>\$ 586,311</u>	<u>\$ 45,623</u>	<u>\$ 93,340</u>	<u>\$ 725,250</u>	<u>\$ 218,867</u>	<u>\$ (410,000)</u>	<u>\$ 821,657</u>
				Cash Expended	\$ 151,386		
				Encumbrances Payable	<u>67,481</u>		
				\$ 218,867			
				County of Union	<u>\$ 140,000</u>		

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

Balance, December 31, 2020		\$	20,936
Increased by:			
City Contribution	\$	35,000	
Interest Earnings		<u>23</u>	
			<u>35,023</u>
			55,959
Decreased by:			
Claims Paid			<u>33,095</u>
Balance, December 31, 2021		\$	<u><u>22,864</u></u>

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

Balance, December 31, 2020		\$	36,027
Increased by:			
Interest Earnings	\$	94	
Employee Contributions		30,327	
City Contribution		<u>50,000</u>	
			<u>80,421</u>
			116,448
Decreased by:			
Claims Due to State of New Jersey			<u>98,396</u>
Balance, December 31, 2021		\$	<u><u>18,052</u></u>

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

Balance, December 31, 2020 (Due from)	\$ 73
Increased by:	
Receipts from Current Fund	<u>45,160</u>
Balance, December 31, 2021 (Due to)	<u>\$ 45,087</u>

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

Balance, December 31, 2020	\$ 25,726
Increased by:	
Unemployment Claims	<u>98,396</u>
	124,122
Decreased by:	
Cash Disbursements	<u>122,520</u>
Balance, December 31, 2021	<u>\$ 1,602</u>

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

	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
State Fees - Building Department	\$ 223,010	\$ 81,459	\$ 91,873	\$ 212,596
County Red Light Camera Program	70,180			70,180
Street Opening Deposits	195,758	10,520	26,548	179,730
State Department of Human Services	1,157	5,050	1,175	5,032
Parking Offense Adjudication Act	31,361	1,212		32,573
Police Outside Employment	602,109	1,396,592	1,112,961	885,740
Professional Review Fees	705,676	368,104	149,592	924,188
Building Department Rezoning Deposits	4,054			4,054
Fire Safety Penalties	95,906			95,906
Elevator Inspections	134,399	44,810	43,059	136,150
Narcotics Investigation	51,567	5,630	22,235	34,962
Recreation Deposits	31,796	98,253	77,932	52,117
Public Defender	82,096	1,795		83,891
Tax Sale Premiums	482,230	1,031,300	120,700	1,392,830
Third Party Liens	347,500	241,019	194,081	394,438
Terminal Pay	981,318	200,000	983,318	198,000
Storm Recovery	180,000	50,000	43,850	186,150
Police Confiscated Money	11,339			11,339
Miscellaneous	2,054	60	527	1,587
Passaic Valley River Litigation	95,000	-	-	95,000
	<u>\$ 4,328,510</u>	<u>\$ 3,535,804</u>	<u>\$ 2,867,851</u>	<u>\$ 4,996,463</u>
		Cash Receipts \$ 3,285,804		
		Due from Current Fund <u>250,000</u>		
		<u>\$ 3,535,804</u>		
		Cash Disbursements <u>\$ 2,867,851</u>		

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

Balance, December 31, 2020		\$ 388,454
Increased by:		
Transferred from 2020 Appropriation Reserves	\$ 250,000	
Payments to Current Fund	<u>93,107</u>	
		<u>343,107</u>
		731,561
Decreased by:		
Interest Earnings	14,111	
Fund Balance Cancelled	<u>37,650</u>	
		<u>51,761</u>
Balance, December 31, 2021		<u><u>\$ 679,800</u></u>

**STATEMENT OF OTHER LIABILITIES
OTHER TRUST FUND**

Balance, December 31, 2020		\$ 330,149
Decreased by:		
Cash Disbursements		<u>164,490</u>
Balance, December 31, 2021		<u><u>\$ 165,659</u></u>

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

Balance, December 31, 2020		\$ 19,206
Increased by:		
Payroll Deductions Received		<u>12,852,313</u>
		12,871,519
Decreased by:		
Payroll Deductions Paid		<u>12,821,140</u>
Balance, December 31, 2021		<u><u>\$ 50,379</u></u>

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

Balance, December 31, 2020		\$ 192,949
Increased by:		
Payroll Deposits	\$ 16,679,823	
Due from Other Trust Fund	<u>9,744</u>	
		<u>16,689,567</u>
		16,882,516
Decreased by:		
Accrued Salaries and Wages Paid		<u>16,719,794</u>
Balance, December 31, 2021		<u><u>\$ 162,722</u></u>

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

Balance, December 31, 2020		\$ 8,694
Increased by:		
Cash Receipts		<u>-</u>
		8,694
Decreased by:		
Cash Disbursements		<u>3,015</u>
Balance, December 31, 2021		<u><u>\$ 5,679</u></u>

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

Balance, December 31, 2020	\$ 56,800
Decreased by:	
Payments to Current Fund	<u>23,748</u>
Balance, December 31, 2021	<u>\$ 33,052</u>

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

Balance, December 31, 2020	\$ 561,000
Increased by:	
Grant Proceeds Due to General Capital Fund	<u>270,000</u>
Balance, December 31, 2021	<u>\$ 831,000</u>

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

Balance, December 31, 2020	<u>\$ 57,190</u>
Decreased by:	
Receipts from Other Trust Fund	<u>\$ 57,190</u>

GENERAL CAPITAL FUND

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

Balance, December 31, 2020		\$ 6,090,720
Increased by Receipts:		
Interest Earned	\$ 8,900	
Current Fund Budget Appropriation		
Capital Improvement Fund	250,000	
Bond Anticipation Note Proceeds	4,482,000	
Premium on Bond Anticipation Note	<u>99,160</u>	
		<u>4,840,060</u>
		10,930,780
Decreased by Disbursements:		
Improvement Authorizations	2,623,793	
Contracts Payable	1,376,251	
Current Fund Realized Revenue		
Reserve for Payment of Debt	610,646	
Payments to Rahway Redevelopment Agency	235,708	
Payments to Current Fund	1,155,868	
Payments to Sewer Utility Operating Fund	<u>108,486</u>	
		<u>6,110,752</u>
Balance, December 31, 2021		<u>\$ 4,820,028</u>

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

		Balance, December 31, <u>2021</u>
Fund Balance		\$ 5,850,476
Capital Improvement Fund		164,272
Grants Receivable		(700,000)
Due from Current Fund		(5,363,927)
Due from CDBG Trust		(831,000)
Due from Water Utility Capital Fund		(1,254,582)
Due from Sewer Utility Operating Fund		(108,486)
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		3,934,554
Deferred Charge - Overexpenditure of Ordinance		(468,089)
Excess Note Proceeds		812,475
<u>Ord. No.</u>	<u>Description</u>	
9-13/38-13	Various Capital Improvements	239,565
10-13	Police Ballistic Equipment	9,677
37-13	DPW and Fire Equipment	56,631
44-13/12-14	2013 Road Improvements	80,853
50-13	Acquisition of Equipment	38,044
6-14	2014 Sidewalk Replacement Program	3,182
7-14	Rahway River Park Athletic Field Improvements	1,135,618
13-14	Various 2014 Capital Improvements	29,171
26-14	Contribution and/or Loan to Rahway Redevelopment Agency for the Purpose of Acquiring Real Property	750,000
27-14	2014 Road Reconstruction and Resurfacing Program	18,211
30-14	Asbestos Remediation of City Properties	6,453
13-15	Acquisition and Installation of Police Body Cameras	14,111
14-15	2015 Road Improvements	94,687
19-15	Various 2015 Improvements	75,184
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	393,015
22-17	Sidewalk Improvements	19,348
26-17-xx-21	Madden Field Improvements	243,730
7-18	2018 Road Improvements	49,246
13-18	Various Improvements	297,146
14-18	DPW, Recreation and Arts	30,123
22-18	Monroe Street Improvements	238,970
11-19	Acquisition of Fire Department Equipment	25,934
15-19	Central Business Redevelopment	500,000
19-19	Purchase of Buses for Senior Citizen Transportation	28,075
31-19/31-20	Various Capital Improvements	285,068
32-19	Acquisition of Property	(23,209)
10-20/32-20	Various Improvements to Brennan Field	(33,343)
12-20	2020 Road Improvement Program	(161,353)
18-20	Improvements to Madden Field	(48,171)
25-20	Various 2020 Capital Acquisitions & Improvements	666,087
33-20	Purchase of Ambulance and 911 Command Center	39,536
40-20	Purchase and Installation of Outdoor Shelters	11,435
4-21/47-21	2021 Road and Sidewalk Improvement Program	(1,814,003)
8-21	Acquisition of Equipment, Vehicle and Fire Rescue Truck	(207,673)
36-21	Various Public Improvements and Acquisitions of Equipment	(309,238)
41-21	Replacement of HVAC Chiller Unity at City Hall	(68,430)
		<u>\$ 4,820,028</u>

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

Balance, December 31, 2020	\$ 4,216,959.
Increased by:	
Payments to Current Fund	<u>1,155,868</u>
	5,372,827
Decreased by:	
Interest on Investments	<u>8,900</u>
Balance, December 31, 2021	<u>\$ 5,363,927</u>

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2020	\$ 42,529,292.
Decreased by:	
Current Fund Budget Appropriations:	
Serial Bonds Principal Paydowns	\$ 4,401,435
Green Acres Loan Principal Paydowns	<u>26,466</u>
	<u>4,427,901</u>
Balance, December 31, 2021	<u>\$ 38,101,391</u>

CITY OF RAHWAY
STATEMENT OF DEFERRED CHARGES UNFUNDED

Ord. No.	Description	Balance December 31, 2020	2021 Authorizations	Grant Proceeds	Balance December 31, 2021	Analysis of Balance	
						Bond Anticipation Notes	Unexpended Improvement Authorization
26-17	Madden Field Improvements	\$ 2,142,768			\$ 2,142,768	\$ 1,345	
22-18	Improvements to Monroe Street	476,190			476,190		
5-19	Various Road Improvements	1,148,069	\$ 270,000		878,069		
10-19	Acquisition of Real Property	85,137			85,137		
11-19	Acquisition of Fire Department Equipment	261,250			261,250		
15-19	Aid to a Redevelopment Project	2,000,000			2,000,000		
19-19	Purchase of Buses for Senior Citizen Transportation	142,500			142,500		
31-19/31-20	Various Capital Improvements	1,077,250			1,077,250		\$ 71,250
32-19	Acquisition of Property	550,000			550,000		23,209
10-20/32-20	Various Improvements to Brennan Field	497,500			497,500		33,343
12-20	2020 Road Improvement Program	1,570,000			1,570,000		161,353
18-20	Improvements to Madden Field	800,000			800,000		48,171
25-20	Various 2020 Capital Acquisitions & Improvements	1,171,956			1,171,956		
33-20	Purchase of Ambulance and 911 Command Center	714,000			714,000		4,000
40-20	Purchase and Installation of Outdoor Shelters	142,500			142,500		22,500
4-21/47-21	2021 Road and Sidewalk Improvement Program		\$ 3,185,000		3,185,000	1,814,003	1,370,997
8-21	Acquisition of Equipment, Vehicle and Fire Rescue Truck		665,000		665,000	207,673	15,327
36-21	Various Public Improvements and Acquisitions of Equipment		1,428,000		1,428,000	309,238	1,118,762
41-21	Replacement of HVAC Chiller Unity at City Hall		380,000		380,000	68,430	311,570
		\$ 12,779,120	\$ 5,658,000	\$ 270,000	\$ 18,167,120	\$ 2,666,765	\$ 4,055,830

Bond Anticipation Notes		Improvement Authorizations - Unfunded	
Excess Proceeds	\$ 12,257,000		
Ord. 5-19	\$ 784,431	22-18	238,970
Ord. 25-20	28,044	11-19	25,934
	812,475	15-19	500,000
		19-19	28,075
		31-19/31-20	285,068
		25-20	666,087
		33-20	39,536
		40-20	11,435
			1,795,105
	\$ 11,444,525		\$ 5,850,935
			\$ 4,055,830

CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance, December 31, 2020	Decreased	Balance, December 31, 2021
			Outstanding December 31, 2021	Date	Amount				
2012 Refunding Bonds	5/24/2012	4,994,538	\$ 501,544	12/1/2022	2.500	1,504,631	509,903	\$ 994,728	
			493,185	12/1/2023	2.625				
2013 General Obligation Bonds	9/30/2013	7,425,000	375,000	9/15/2022	3.000				
			385,000	9/15/2023	3.000				
			395,000	9/15/2024	3.000				
			405,000	9/15/2025	3.125				
			420,000	9/15/2026	3.375				
			430,000	9/15/2027	3.500				
			440,000	9/15/2028	3.750				
			455,000	9/15/2029	4.000				
			475,000	9/15/2030	4.000				
			490,000	9/15/2031	4.000				
			9/15/2032	4.000	515,000	365,000	4,785,000		
2014 Refunding Bonds	9/29/2014	1,720,000	250,000	6/15/2022	4.000	770,000	250,000	520,000	
			270,000	6/15/2023	4.000				

CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance, December 31, 2020	Decreased	Balance, December 31, 2021
			Date	Outstanding December 31, 2021	Amount				
2015 General Obligation Bonds	8/1/2015	\$ 9,460,000	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	\$ 7,395,000	\$ 625,000	\$ 6,770,000	
2015 Refunding Bonds	8/28/2015	4,463,056	10/1/2022	476,780	4.200				
			10/1/2023	486,611	4.250				
			10/1/2024	476,780	4.250	1,926,782	486,611	1,440,171	
2016 General Obligation Bonds	8/4/2016	8,627,000	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	7,027,000	425,000	6,602,000	

CITY OF RAHWAY
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance, December 31, 2020	Decreased	Balance, December 31, 2021
			Outstanding December 31, 2021	Amount				
2016 Refunding Bonds	9/15/2016	\$ 11,683,178	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	\$ 9,712,889	\$ 1,179,921	\$ 8,532,968
2019 General Obligation Bonds	7/15/2019	3,875,000	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	3,660,000	230,000	3,430,000
			7/15/2031	430,000	4.00			
2020 General Obligation Bonds	7/15/2020	5,215,000	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	5,215,000	330,000	4,885,000
						\$ 42,361,302	\$ 4,401,435	\$ 37,959,867
								Paid by Budget Appropriation \$ 4,401,435

**CITY OF RAHWAY
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, 2020	Grants Awarded	Cash Receipts	Balance, December 31, 2021	Pledged to: Improvement Authorization	Reserve for Receivable
NJ Department of Transportation						
Ord. 14-17 - 2017 Road Program	\$ 9,595			\$ 9,595		\$ 9,595
Ord. 5-19 - 2019 Road Improvements	135,569			135,569		135,569
Community Development Block Grant						
Ord. 5-19 - 2019 Road Improvements	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
Ord. XX-21 Madden Field		\$ 500,000		500,000	500,000	
County of Union						
Ord. 3-14 - HS Park Improvements	75,950			75,950		75,950
Ord. 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
	<u>\$ 2,181,114</u>	<u>\$ 500,000</u>	<u>\$ 225,000</u>	<u>\$ 2,456,114</u>	<u>\$ 700,000</u>	<u>\$ 1,756,114</u>
			<u>\$ 225,000</u>			
Due from CDBG Trust Fund			<u>\$ 225,000</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, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2021</u>
26-17	Madden Field Improvements	7/31/2019	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	\$ 2,141,423	2,141,423		\$ 2,141,423
22-18	Improvements to Monroe Street	7/31/2019	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	476,190	476,190		476,190
5-19	Various Road Improvements	7/31/2019	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	1,662,500	1,662,500		1,662,500
10-19	Acquisition of Real Property	7/31/2019	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	85,137	85,137		85,137
11-19	Acquisition of Fire Department Equipment	7/31/2019	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	261,250	261,250		261,250
15-19	Aid to a Redevelopment Project	7/29/2020	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	2,000,000	2,000,000		2,000,000
19-19	Purchase of Buses for Senior Citizen Transportation	7/29/2020	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	142,500	142,500		142,500
31-19/31-20	Various Capital Improvements	7/29/2020	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	1,006,000	1,006,000		1,006,000
32-19	Acquisition of Property	7/28/2021	7/28/2021	7/28/2022	1.00%	510,000	510,000		510,000
12-20	2020 Road Improvement Program	7/28/2021	7/28/2021	7/28/2022	1.00%	1,200,000	1,200,000		1,200,000
18-20	Improvements to Madden Field	7/28/2021	7/28/2021	7/28/2022	1.00%	300,000	300,000		300,000
25-20	Various 2020 Capital Acquisitions & Improvements	7/28/2021	7/28/2021	7/28/2022	1.00%	1,200,000	1,200,000		1,200,000
33-20	Purchase of Ambulance and 911 Command Center	7/28/2021	7/28/2021	7/28/2022	1.00%	710,000	710,000		710,000
40-20	Purchase and Installation of Outdoor Shelters	7/28/2021	7/28/2021	7/28/2022	1.00%	120,000	120,000		120,000
8-21	Acquisition of Equipment, Vehicle and Fire Rescue Truck	7/28/2021	7/28/2021	7/28/2022	1.00%	442,000	442,000		442,000
						<u>\$ 7,775,000</u>	<u>\$ 12,257,000</u>	<u>\$ 7,775,000</u>	<u>\$ 12,257,000</u>
								<u>\$ 7,775,000</u>	<u>\$ 7,775,000</u>
								<u>4,482,000</u>	<u>-</u>
								<u>\$ 12,257,000</u>	<u>\$ 7,775,000</u>

Renewals
Issued for Cash

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

Balance, December 31, 2020	\$ 167,990
Decreased by:	
Principal Paid by Budget Appropriation	<u>26,466</u>
Balance, December 31, 2021	<u>\$ 141,524</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2020	\$ 206,272
Increased by:	
Current Fund Budget Appropriation	<u>250,000</u>
	456,272
Decreased by:	
Appropriated to Finance Improvement Authorizations	<u>292,000</u>
Balance, December 31, 2021	<u>\$ 164,272</u>

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

Balance, December 31, 2020	<u>\$ 235,708</u>
Decreased by:	
Payments to Rahway Redevelopment Agency	<u>\$ 235,708</u>

STATEMENT OF CONTRACTS PAYABLE

Balance, December 31, 2020	<u>\$ 2,154,252</u>
Increased by:	
Charged to Improvement Authorizations	<u>3,188,277</u>
	5,342,529
Decreased by:	
Cash Disbursements	\$ 1,376,251
Cancellations	<u>31,724</u>
	<u>1,407,975</u>
Balance, December 31, 2021	<u>\$ 3,934,554</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2020	<u>\$ 610,646</u>
Decreased by:	
Realized as Current Funded Budgeted Revenue	<u>\$ 610,646</u>

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

Balance, December 31, 2020	<u>\$ 772,500</u>
Balance, December 31, 2021	<u>\$ 772,500</u>

STATEMENT OF DUE TO PARKING UTILITY CAPITAL FUND

Balance, December 31, 2020	<u>\$ 759,712</u>
Balance, December 31, 2021	<u>\$ 759,712</u>

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

Increased by:	
Overexpenditure of Ordinance Appropriation	<u>\$ 468,089</u>
Balance, December 31, 2021	<u>\$ 468,089</u>

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

Ord. No.	<u>Improvement Description</u>	Balance, December 31, 2020	2021 <u>Authorizations</u>	Notes Issued for Cash	Balance, December 31, 2021
26-17	Madden Field Improvements	\$ 1,345			\$ 1,345
31-19/31-20	Various Capital Improvements	71,250			71,250
32-19	Acquisition of Property	550,000		\$ 510,000	40,000
10-20/32-20	Various Improvements to Brennan Field	497,500			497,500
12-20	2020 Road Improvement Program	1,570,000		1,200,000	370,000
18-20	Improvements to Madden Field	800,000		300,000	500,000
25-20	Various 2020 Capital Acquisitions & Improvements	1,171,956		1,171,956	
33-20	Purchase of Ambulance and 911 Command Center	714,000		710,000	4,000
40-20	Purchase and Installation of Outdoor Shelters	142,500		120,000	22,500
4-21/47-21	2021 Road and Sidewalk Improvement Program		\$ 3,185,000		3,185,000
8-21	Acquisition of Equipment, Vehicle and Fire Rescue Truck		665,000	442,000	223,000
36-21	Various Public Improvements and Acquisitions of Equipment		1,428,000		1,428,000
41-21	Replacement of HVAC Chiller Unity at City Hall	-	380,000	-	380,000
		<u>\$ 5,518,551</u>	<u>\$ 5,658,000</u>	<u>\$ 4,453,956</u>	<u>\$ 6,722,595</u>

WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2020	\$ 359,471	\$ 3,598,766
Increased by Receipts:		
Consumer Accounts Receivable	\$ 8,904,259	
Water Connection Fees	32,851	
Interest on Investments	7,206	\$ 3,610
Bond Anticipation Notes		1,775,000
Premium on Notes		22,449
Sewer Utility Operating Fund Receipts Deposited in Water Utility Operating Fund	<u>3,036,740</u>	<u>-</u>
	<u>11,981,056</u>	<u>1,801,059</u>
	12,340,527	5,399,825
Decreased by Disbursements:		
2021 Budget Appropriations	5,263,477	
2020 Appropriation Reserves	33,635	
Encumbrances Payable	46,928	
Accounts Payable and Other Liabilities	32,326	
Contracts Payable		933,414
Improvement Authorizations		730,462
Accrued Interest on Bonds and Notes	435,682	
Payments to Current Fund	<u>672,926</u>	<u>-</u>
	<u>6,484,974</u>	<u>1,663,876</u>
Balance, December 31, 2021	<u>\$ 5,855,553</u>	<u>\$ 3,735,949</u>
	Cash	\$ 3,338,511
	Cash with Fiscal Agents	<u>397,438</u>
		<u>\$ 3,735,949</u>

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

	Balance, December 31, <u>2021</u>
Fund Balance	\$ 795,193
Capital Improvement Fund	106,472
Reserve for Future Capital Improvements	905,000
Due to General Capital Fund	1,254,582
Due to Water Utility Operating Fund	2,546,539
Contracts Payable	196,884
 <u>Improvement Authorizations</u>	
 <u>Ord. No.</u>	
30-12/23-13 Replacement of Hamilton St. Water Main	116,754
28-14 Various 2014 Water Utility Capital Improvements	94,921
2-15/14-16 Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	(2,426,831)
10-15 Various 2015 Water Utility Improvements	56,164
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	
13-20 Various Improvements to Water Storage Tanks	(33,250)
16-20 Upgrade of Granular Activated Carbon Filter System	(451,075)
27-20 Various 2020 Acquisitions and Improvements	<u>(28,143)</u>
	 <u>\$ 3,735,949</u>

EXHIBIT D-7

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

Balance, December 31, 2020	\$ <u>200</u>
Balance, December 31, 2021	\$ <u>200</u>

EXHIBIT D-8

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

<u>Account</u>	Balance, December 31 <u>2020</u>	Balance, December 31 <u>2021</u>
Filtration Plant Improvements/Upgrades	\$ 37,234,672	\$ 37,234,672
Wells and Distribution System	10,725,791	10,725,791
General Equipment	573,836	573,836
Various Water System Improvements	7,544,791	7,544,791
Land	<u>25,000</u>	<u>25,000</u>
	<u>\$ 56,104,090</u>	<u>\$ 56,104,090</u>

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

Ord. No.	<u>Improvement Description</u>	<u>Ordinance Date</u>	<u>Amount</u>	Balance, December 31 2020	Increased by: 2021 Authorizations	Balance, December 31 2021
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			
11-20	Various Acquisitions	2020	525,000	525,000		525,000
13-20	Water Storage Tank	2020	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
34-21	Water Utility Repairs and Improvements	7/13/1905	1,675,000	-	\$ 1,675,000	1,675,000
				<u>\$ 8,479,369</u>	<u>\$ 1,675,000</u>	<u>\$ 10,154,369</u>

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

Balance, December 31, 2020	\$ 1,411,948
Increased by:	
Water Rents Levied	<u>9,106,437</u>
	10,518,385
Decreased by:	
Collections	<u>8,904,259</u>
Balance, December 31, 2021	<u><u>\$ 1,614,126</u></u>

CITY OF RAHWAY
STATEMENT OF 2020 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance December 31, <u>2020</u>	Adjusted Balance	Cash Disbursements	Balance Lapsed
Operating				
Management Fee	\$ 2,302	\$ 2,302		\$ 2,302
Other Expenses	<u>34,442</u>	<u>34,442</u>	<u>\$ 33,635</u>	<u>807</u>
	<u>\$ 36,744</u>	<u>\$ 36,744</u>	<u>\$ 33,635</u>	<u>\$ 3,109</u>
Appropriation Reserves		<u>\$ 36,744</u>		
Cash Disbursements			<u>\$ 33,635</u>	

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

Balance, December 31, 2020		\$ 57,296
Increased by:		
Charged to 2021 Budget Appropriations		<u>779,442</u>
		836,738
Decreased by:		
Cash Disbursements	\$ 46,928	
Transferred to Accounts Payable	<u>10,368</u>	
		<u>57,296</u>
Balance, December 31, 2021		<u>\$ 779,442</u>

STATEMENT OF ACCOUNTS PAYABLE AND OTHER LIABILITIES

Balance, December 31, 2020		\$ 193,201
Increased by:		
Transferred from Appropriation Reserves		<u>10,368</u>
		203,569
Decreased by:		
Cash Disbursements		<u>32,326</u>
Balance, December 31, 2021		<u>\$ 171,243</u>

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

Balance, December 31, 2020		\$ 2,947,929
Increased by:		
Interest Earned		<u>3,610</u>
		2,951,539
Decreased by:		
Budget Appropriation - Capital Outlay		<u>405,000</u>
Balance, December 31, 2021		<u>\$ 2,546,539</u>

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

Balance, December 31, 2020	\$ 1,014,380
Decreased by:	
Payments to Current Fund	<u>672,926</u>
Balance, December 31, 2021	<u>\$ 1,687,306</u>

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

Balance, December 31, 2020	<u>\$ 1,254,582</u>
Balance, December 31, 2021	<u>\$ 1,254,582</u>

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

Balance, December 31, 2020	\$ 500,000
Increased by:	
2021 Budget Appropriation - Capital Outlay	<u>405,000</u>
Balance, December 31, 2021	<u>\$ 905,000</u>

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

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2020		2021 Authorizations	Contracts Cancelled	Paid or Charged	Balance, December 31, 2021	
			Funded	Unfunded				Funded	Unfunded
30-12/23-13	Replacement of Hamilton St. Water Main	1,375,000	\$ 116,754	\$ 58,559		\$	\$ 116,754	\$ 58,559	
28-14	Various 2014 Water Utility Capital Improvements	300,000	112,961			18,040	94,921		
2-15/14-16	Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	19,785,000		3,440,323		70,080		3,370,243	
10-15	Various 2015 Water Utility Improvements	925,000	9,461		\$ 46,703		56,164		
28-16	Various Improvements to Water Treatment Plant	400,000	159,785	279			159,785	279	
12-17	Water Main Improvements	800,000	42,954				42,954		
15-18	Various Improvements to Water Treatment Plant	400,000		400,000				400,000	
13-20	Various Improvements to Water Storage Tanks	525,000		491,750				491,750	
16-20	Upgrade of Granular Activated Carbon Filter System	2,500,000		1,865,465		616,540		1,248,925	
27-20	Various 2020 Acquisitions and Improvements	750,000		257,040		35,183		221,857	
34-21	Various Imps	1,675,000	-	-	\$ 1,675,000	-	-	1,675,000	
			\$ 441,915	\$ 6,513,416	\$ 1,675,000	\$ 46,703	\$ 470,578	\$ 7,466,613	
			Cash Disbursements			\$ 730,462			
			Encumbrances			9,381			
						\$ 739,843			

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

Balance, December 31, 2020		\$ 1,167,620
Increased by:		
Charges to Improvement Authorizations		<u>9,381</u>
		1,177,001
Decreased by:		
Cash Disbursements	\$ 933,414	
Cancelled	<u>46,703</u>	
		<u>980,117</u>
Balance, December 31, 2021		<u>\$ 196,884</u>

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

Balance, December 31, 2020		\$ 30,664,576
Increased by:		
Serial Bonds Paid by Operating Budget	\$ 535,000	
NJ EIT Loans Paid by Operating Budget	<u>617,897</u>	
		<u>1,152,897</u>
Balance, December 31, 2021		<u>\$ 31,817,473</u>

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

Balance, December 31, 2020		<u>\$ 303,929</u>
Balance, December 31, 2021		<u>\$ 303,929</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance, December 31 2020	Decreased	Balance, December 31 2021
			Date	Outstanding December 31, 2021	Amount				
2014 Refunding Bonds	9/29/2014	1,670,000	6/15/2022	\$ 240,000	4.00%	\$ 750,000	\$ 245,000	\$ 505,000	
			6/15/2023	265,000	4.00%				
2018 General Obligation Bonds	6/15/2018	4,714,000	6/15/2022	155,000	5.00%	4,429,000	150,000	4,279,000	
			6/15/2023	160,000	5.00%				
			6/15/2024	170,000	5.00%				
			6/15/2025	185,000	5.00%				
			6/15/2026	275,000	2.500%				
			6/15/2027	275,000	2.625%				
			6/15/2028-2031	275,000	3.000%				
			6/15/2032	280,000	3.000%				
			6/15/2033-2034	280,000	3.125%				
			6/15/2035-2037	280,000	3.250%				
6/25/2038	279,000	3.375%							
2019 General Obligation Bonds	7/31/2019	3,900,000	7/15/2022	150,000	2.50%	3,765,000	140,000	3,625,000	
			7/15/2023	160,000	3.00%				
			7/15/2024	245,000	4.00%				
			7/15/2025	240,000	4.00%				
			7/15/2026	165,000	4.00%				
			7/15/2027	170,000	4.00%				
			7/15/2028	175,000	4.00%				
			7/15/2029	180,000	4.00%				
			7/15/2030	185,000	4.00%				
			7/15/2031	190,000	2.00%				
			7/15/2032	195,000	3.00%				
			7/15/2033	200,000	2.50%				
			7/15/2034	205,000	2.50%				
7/15/2035	210,000	2.50%							
7/15/2036	220,000	3.00%							
7/15/2037	240,000	3.00%							
7/15/2038	245,000	3.00%							
7/15/2039	250,000	3.00%							
						\$ 8,944,000	\$ 535,000	\$ 8,409,000	
						Paid by Budget Appropriation \$ 535,000			

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

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance December 31 2020	Increased	Decreased	Balance December 31 2021
15-18	Various Improvements to Water Treatment Plant	7/29/2020	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
06-19	Various Acquisitions and Improvements	7/29/2020	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	600,000	600,000	600,000	600,000
11-20	Various Acquisitions and Improvements	7/28/2021	7/28/2021	7/28/2022	1.00%	-	475,000	-	475,000
16-20	Upgrade of Granular Activated Carbon Filter System	7/28/2021	7/28/2021	7/28/2022	1.00%	-	800,000	-	800,000
27-20	Various 2020 Acquisitions and Improvements	7/28/2021	7/28/2021	7/28/2022	1.00%	-	500,000	-	500,000
						<u>\$ 1,000,000</u>	<u>\$ 2,775,000</u>	<u>\$ 1,000,000</u>	<u>\$ 2,775,000</u>
					Renewals Issued for Cash		\$ 1,000,000	\$ 1,000,000	
							<u>1,775,000</u>	<u>-</u>	
							<u>\$ 2,775,000</u>	<u>\$ 1,000,000</u>	<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, 2020	\$ 2,030,546	\$ 11,534,496	\$ 13,565,042
Decreased by:			
Principal Paid by Budget Appropriation	<u>118,159</u>	<u>499,738</u>	<u>617,897</u>
Balance, December 31, 2021	<u>\$ 1,912,387</u>	<u>\$ 11,034,758</u>	<u>\$ 12,947,145</u>

EXHIBIT D-25

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

Balance, December 31, 2020	\$ <u>106,472</u>
Balance, December 31, 2021	\$ <u>106,472</u>

EXHIBIT D-26

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

Balance, December 31, 2020	\$ 116,803
Increased by:	
Budget Appropriations	
Interest on Bonds	<u>444,215</u>
	561,018
Decreased by:	
Interest Paid	<u>435,682</u>
Balance, December 31, 2021	<u>\$ 125,336</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2020</u>	2021 <u>Authorizations</u>	Bond Anticipation <u>Notes Issued</u>	Balance, December 31, <u>2021</u>
30-12/23-13	Replacement of Water Main on Hamilton St.	\$ 58,559			\$ 58,559
2-15/4-16	Improvements to Water Treatment Plant and Construction of New Interconnection Pipeline	5,797,074			5,797,074
28-16	Various Improvements to Water Treatment Plant	279			279
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		800,000	1,700,000
27-20	Various 2020 Acquisitions and Improvements	750,000		500,000	250,000
34-21	Water Utility Repairs and Improvements	-	\$ 1,675,000	-	1,675,000
		<u>\$ 10,105,912</u>	<u>\$ 1,675,000</u>	<u>\$ 1,775,000</u>	<u>\$ 10,005,912</u>

SEWER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2020	\$ 1,308,129	\$ 408,954
Increased by Receipts:		
Consumer Accounts Receivable	\$ 2,159,836	
Industrial Sewer Flow Charges	425,044	
Nonbudget Revenue	10,004	
Interest on Investments		\$ 460
Receipts from Current Fund	1,691,023	
Receipts from Other Trust Fund	9,744	
Receipts from General Capital Fund	108,486	
Premium on Notes	-	12,121
	<u>4,404,137</u>	<u>12,581</u>
	5,712,266	421,535
Decreased by Disbursements:		
2021 Budget Appropriations	5,517,890	
Encumbrances Payable	68,714	
Improvement Authorizations		201,324
Contracts Payable		38,805
Accrued Interest on Bonds and Loans	<u>120,358</u>	<u>-</u>
	<u>5,706,962</u>	<u>240,129</u>
Balance, December 31, 2021	<u>\$ 5,304</u>	<u>\$ 181,406</u>

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

Balance,
December 31,
2021

Fund Balance	\$ 321,193
Capital Improvement Fund	374,500
Contracts Payable	58,442
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	471

Improvement Authorizations

Ord. No.

11-09/21-09	Wastewater Improvements	(4,248)
34-12	Improvements to Donald Avenue Storm Sewer	12,028
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	210,144
23-17	Kline/Madison Sewer Improvements	90,642
16-18	Various Sewer Improvements	394,882
20-19/30-20	Repair of Sink Holes	(176,301)
24-20	Various Capital Improvements and Equipment	<u>(18,974)</u>
		<u>\$ 181,406</u>

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

Balance, December 31, 2020		\$ 535,189
Increased by:		
Sewer Rents Levied		<u>5,412,374</u>
		5,947,563
Decreased by:		
Cash Receipts	\$ 2,159,836	
Due from Water Utility Operating Fund	<u>3,036,740</u>	
		<u>5,196,576</u>
Balance, December 31, 2021		<u>\$ 750,987</u>

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

<u>Account</u>	Balance, December 31, <u>2020</u>	Balance, December 31, <u>2021</u>
Various Sewer System Improvements	\$ 4,205,428	\$ 4,205,428
	<u>\$ 4,205,428</u>	<u>\$ 4,205,428</u>

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

Ord. No.	Improvement Description	Date	Ordinance Amount	Balance, December 31, 2020	Increased by: 2021 Authorizations	Balance, December 31, 2021
34-12	Improvements to Donald Avenue Storm Sewer	2012	140,000	\$ 140,000	\$	140,000
36-13/25-14	Emergency Sinkhole Repair	2013	300,000	500,000		500,000
45-13	Flood Control Mitigation	2013	300,000	300,000		300,000
29-14	Improvement of the Storm Sewer on Kline Place	2014	350,000	350,000		350,000
6-16/28-20	Inflow and Infiltration Project (Phase III)	2016	425,000	525,000		525,000
19-16/29-20	Improvements to Witherspoon St Outfall and Monroe St Sewer Lines	2016	325,000	845,000		845,000
23-17	Kline/Madison Sewer Improvements	2017	200,000	200,000		200,000
16-18	Various Sewer Utility Improvements	2018	798,000	798,000		798,000
20-19/30-20	Repair of Sink Holes	2019	500,000	700,000		700,000
24-20	Various Capital Improvements and Equipment	2020	350,000	350,000		350,000
35-21	Various Sewer Improvements	2021	1,150,000	-	\$ 1,150,000	1,150,000
				<u>\$ 4,708,000</u>	<u>\$ 1,150,000</u>	<u>\$ 5,858,000</u>

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

Balance, December 31, 2020 (Due from)	\$ 356,740
Decreased by:	
Receipts from Current Fund	<u>1,691,023</u>
Balance, December 31, 2021 (Due to)	<u>\$ 1,334,283</u>

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

Increased by:	
Receipts from General Capital Fund	<u>\$ 108,486</u>
Balance, December 31, 2021	<u>108,486</u>

EXHIBIT E-12

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

Balance, December 31, 2020	\$ 777,187
Increased by:	
Sewer Utility Operating Fund Receipts Deposited in Water Utility Operating Fund	<u>3,036,740</u>
Balance, December 31, 2021	<u>\$ 3,813,927</u>

EXHIBIT E-13

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

Balance, December 31, 2020	\$ 11
Increased by:	
Interest Earned	<u>460</u>
Balance, December 31, 2021	<u>\$ 471</u>

EXHIBIT E-14

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

Balance, December 31, 2020	\$ <u>4,859</u>
Balance, December 31, 2021	<u>\$ 4,859</u>

**CITY OF RAHWAY
STATEMENT OF 2020 APPROPRIATION RESERVES
SEWER UTILITY OPERATING FUND**

	Balance December 31, <u>2020</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 546		\$ 546		\$ 546
Other Expenses	42,966		42,966		42,966
Sewer Treatment Expense					
Rahway Valley Sewer Authority	18,425		18,425		18,425
Sewer Permit Fees	9,905		9,905		9,905
Statutory Expenditures					
Social Security	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
	<u>\$ 83,842</u>	<u>\$ -</u>	<u>\$ 83,842</u>	<u>\$ -</u>	<u>\$ 83,842</u>

EXHIBIT E-16

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

Balance, December 31, 2020	\$ 89,104
Increased by:	
Charged to Budget Appropriations	<u>10,206</u>
	99,310
Decreased by:	
Cash Disbursements	\$ 68,714
Transferred to Accounts Payable	<u>20,390</u>
	<u>89,104</u>
Balance, December 31, 2021	<u>\$ 10,206</u>

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

Balance, December 31, 2020	\$ 4,800
Increased by:	
Transferred from Encumbrances Payable	<u>20,390</u>
	25,190
Decreased by:	
Cancelled to Operations	<u>4,800</u>
Balance, December 31, 2021	<u>\$ 20,390</u>

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds			Interest Rate	Balance, December 31, 2020	Increased	Decreased	Balance, December 31, 2021
			Outstanding December 31, 2021	Amount	%					
2012 Refunding Bonds	5/24/2012	\$ 980,462	12/1/2022	\$ 98,456	2.50	\$ 295,369		\$ 100,097	\$ 195,272	
			12/1/2023	96,815	2.625					
2015 Refunding Bonds	8/28/2015	76,944	10/1/2022	8,220	4.00					
			10/1/2023	8,389	4.00					
			10/1/2024	8,220	4.00	33,218		8,389	24,829	
2016 Refunding Bonds	9/15/2016	251,822	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	4.00					
			4/15/2026	23,269	2.00	147,111		25,079	122,032	
2019 General Obligation Bonds	7/15/2019	2,275,000	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	2,190,000		85,000	2,105,000	
							<u>\$ 2,665,698</u>	<u>\$ 218,565</u>	<u>\$ 2,447,133</u>	
								<u>\$ 218,565</u>	<u>\$ 218,565</u>	

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

Balance, December 31, 2020	\$ 390,637
Decreased by:	
Principal Paid by Budget Appropriation	<u>142,787</u>
Balance, December 31, 2021	<u>\$ 247,850</u>

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

Ord. No.	Improvement Description	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance	
						December 31 2020	December 31 2021
23-17	Kline/Madison Sewer Improvements	7/29/2020	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	\$ 200,000	\$ 200,000
16-18	Various Sewer Utility Improvements	7/29/2020	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	798,000	798,000
20-19	Repair of Sink Holes	7/29/2020	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	500,000	500,000
						<u>\$ 1,498,000</u>	<u>\$ 1,498,000</u>
	Renewals					<u>\$ 1,498,000</u>	<u>\$ 1,498,000</u>

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

Ordinance Number	Improvement Description	Amount	Balance, December 31, 2020		2021 Authorizations	Balance, December 31, 2021	
			Funded	Unfunded		Funded	Unfunded
34-12	Improvements to Donald Avenue Storm Sewer	\$ 140,000	\$ 21,975		\$ 9,947	\$ 12,028	
45-13	Flood Control Mitigation Project	300,000	162,622			162,622	
29-14	Improvement of the Storm Sewer on Kline Place	350,000	160,218			160,218	
6-16/28-20	Inflow and Infiltration Project (Phase III)	425,000	26,043	\$ 100,000		26,043	\$ 100,000
19-16/29-20	Improvements to Witherspoon St Outfall and Monroe St Sewer Lines	325,000	31,207	720,000	21,063	10,144	720,000
23-17	Kline/Madison Sewer Improvements	200,000		90,642			90,642
16-18	Various Sewer Improvements	798,000		394,882			394,882
20-19/30-20	Repair of Sink Holes	500,000		184,490	160,791		23,699
24-20	Various Capital Improvements and Equipment	350,000	-	350,000	18,974		331,026
35-21	Various Sewer Improvements	1,150,000	-	-	-	-	1,150,000
			<u>\$ 402,065</u>	<u>\$ 1,840,014</u>	<u>\$ 1,150,000</u>	<u>\$ 371,055</u>	<u>\$ 2,810,249</u>
					Cash Disbursements	\$ 201,324	
					Contracts Payable	<u>9,451</u>	
					<u>\$ 210,775</u>		<u>\$ 210,775</u>

EXHIBIT E-22

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

Balance, December 31, 2020	\$ 87,796
Increased by:	
Charges to Improvement Authorizations	<u>9,451</u>
	97,247
Decreased by:	
Cash Disbursements	<u>38,805</u>
Balance, December 31, 2021	<u>\$ 58,442</u>

EXHIBIT E-23

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

Balance, December 31, 2020	<u>\$ 374,500</u>
Balance, December 31, 2021	<u>\$ 374,500</u>

EXHIBIT E-24

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

Balance, December 31, 2020	\$ 6,669
Increased by:	
Budget Appropriations	
Interest on Bonds, Notes and Loans	<u>124,253</u>
	130,922
Decreased by:	
Interest Paid	<u>120,358</u>
Balance, December 31, 2021	<u>\$ 10,564</u>

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

Balance, December 31, 2020	\$ 3,178,145
Increased by:	
Principal Paid by Budget Appropriation	
Serial Bonds	\$ 218,565
Loans	<u>142,787</u>
	<u>361,352</u>
Balance, December 31, 2021	<u>\$ 3,539,497</u>

STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION

Balance, December 31, 2020	<u>\$ 6,700</u>
Balance, December 31, 2021	<u>\$ 6,700</u>

EXHIBIT E-27

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

Balance, December 31, 2020	\$ <u>85,039</u>
Balance, December 31, 2021	\$ <u>85,039</u>

EXHIBIT E-28

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

Balance, December 31, 2020	\$ <u>1,520,154</u>
Balance, December 31, 2021	\$ <u>1,520,154</u>

EXHIBIT E-29

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

Increased by:	
Receipts from Other Trust Fund	\$ <u>9,744</u>
Balance, December 31, 2021	\$ <u>9,744</u>

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

Ordinance Number	<u>Improvement Description</u>	Balance, December 31, 2020	2021 Authorizations	Balance, December 31, 2021
11-09 / 21-09	Wastewater Improvements	\$ 4,248		\$ 4,248
20-19/30-20	Repair of Sink Holes	200,000		200,000
28-20	Inflow and Infiltration Project (Phase III) (Suppl. 6-16)	100,000		100,000
29-20	Improvements to Witherspoon St Outfall and Monroe St Sewer Lines (Suppl. 19-16)	520,000		520,000
24-20	Various Capital Improvements and Equipment	350,000		350,000
35-21	Various Sewer Improvements	-	\$ 1,150,000	<u>1,150,000</u>
		<u>\$ 1,174,248</u>	<u>\$ 1,150,000</u>	<u>\$ 2,324,248</u>

PARKING UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2020	\$ 4,804,213	
Increased by Receipts:		
Parking Fees	\$ 966,503	
Ground Lease	499,532	
Nonbudget Revenue	10,447	
Interest Earned		\$ 57
Bond Anticipation Notes		80,000
Premium on Bond Anticipation Notes		6,714
Reserve for Security Deposits	3,475	
Receipts from Current Fund	<u>37,000</u>	<u>-</u>
	<u>1,516,957</u>	<u>\$ 86,771</u>
	6,321,170	86,771
Decreased by Disbursements:		
2021 Budget Appropriations	411,530	
2020 Appropriation Reserves	5,334	
Encumbrances Payable	36,416	
Accrued Interest on Bonds and Notes	149,509	
Reserve for Security Deposits	<u>3,625</u>	<u>-</u>
	<u>606,414</u>	<u>-</u>
Balance, December 31, 2021	<u>\$ 5,714,756</u>	<u>\$ 86,771</u>

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

Balance,
December 31,
2021

Fund Balance	\$ 31,115
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	566,684

Improvement Authorizations

Ord. No.

9-19	Various Parking Capital Acquisitions and Improvements	230,149
26-20	Purchase and Acquisition of Electric Vehicles	<u>15,128</u>
		<u>\$ 86,771</u>

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

<u>Account</u>	Balance, December 31, <u>2020</u>	Balance, December 31, <u>2021</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.	Improvement Description	Date	Ordinance Amount	Balance, December 31, 2020	Balance, December 31, 2021
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>\$ 830,000</u>	<u>\$ 830,000</u>

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

Balance, December 31, 2020	\$ 566,627
Increased by:	
Interest Earned	<u>57</u>
Balance, December 31, 2021	<u>\$ 566,684</u>

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

Balance, December 31, 2020	\$ 559,799
Decreased by:	
Receipts from Current Fund	<u>37,000</u>
Balance, December 31, 2021	<u>\$ 522,799</u>

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

Balance, December 31, 2020	<u>\$ 1,500,000</u>
Balance, December 31, 2021	<u>\$ 1,500,000</u>

**CITY OF RAHWAY
STATEMENT OF 2020 APPROPRIATION RESERVES
PARKING UTILITY OPERATING FUND**

	Balance December 31, <u>2020</u>	Cancelled <u>Encumbrances</u>	Balance After <u>Transfers</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Operating					
Salaries and Wages	\$ 14,474		\$ 14,474		\$ 14,474
Other Expenses	350,234		350,234	\$ 5,334	344,900
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>\$ 401,708</u>	<u>\$ -</u>	<u>\$ 401,708</u>	<u>\$ 5,334</u>	<u>\$ 396,374</u>
			Cash Disbursements	<u>\$ 5,334</u>	

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

Balance, December 31, 2020		\$ 52,760
Increased by:		
Charges to Budget Appropriations		<u>37,479</u>
		90,239
Decreased by:		
Cash Disbursements	\$ 36,416	
Transferred to Accounts Payable	7,691	
Transferred to Other Liabilities	<u>8,653</u>	
		<u>52,760</u>
Balance, December 31, 2021		<u>\$ 37,479</u>

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

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

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

Balance, December 31, 2020		\$ 29,319
Increased by:		
Budget Appropriations		<u>142,941</u>
		172,260
Decreased by:		
Cash Disbursements		<u>149,509</u>
Balance, December 31, 2021		<u>\$ 22,751</u>

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

Balance, December 31, 2020	\$	3,385
Increased by:		
Cash Receipts		3,475
		6,860
Decreased by:		
Cash Disbursements		3,625
Balance, December 31, 2021	\$	3,235

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

Balance, December 31, 2020	\$	242,615
Increased by:		
Transferred from Encumbrances Payable		8,653
		251,268
Decreased by:		
Cancelled to Operations		242,615
Balance, December 31, 2021	\$	8,653

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

Balance, December 31, 2020	\$	306,975
Increased by:		
Parking Utility Operating Fund Expenditures Paid by Rahway Redevelopment Agency		309,550
Balance, December 31, 2021	\$	616,525

**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>%</u>	<u>Balance, December 31, 2020</u>	<u>Decreased</u>	<u>Balance, December 31, 2021</u>
			<u>Outstanding</u>	<u>December 31, 2021</u>	<u>Amount</u>					
2018 Refunding Bonds	12/21/2018	\$ 3,335,000	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				
							\$ 2,990,000	\$ 175,000	\$ 2,815,000	
							\$ 2,990,000	\$ 175,000	\$ 2,815,000	
							<u>Paid by Budget Appropriation</u>		\$ 175,000	

**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, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance December 31, 2021</u>
9-19	Various Parking Utility Capital Acquisitions and Improvements	7/31/2019	7/28/2021 7/29/2020	7/28/2022 7/28/2021	1.00% 2.00%	\$ 750,000	\$ 750,000	\$ 750,000	\$ 750,000
26-20	Purchase and Acquisition of Electric Vehicles	7/28/2021	7/28/2021	7/28/2022	1.00%	-	80,000	-	80,000
						<u>\$ 750,000</u>	<u>\$ 830,000</u>	<u>\$ 750,000</u>	<u>\$ 830,000</u>
						Renewals Issued for Cash	\$ 750,000	\$ 750,000	
							80,000	-	
							<u>\$ 830,000</u>	<u>\$ 750,000</u>	<u>\$ 830,000</u>

EXHIBIT F-21

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

Balance, December 31, 2020	\$ 8,200,396
Increased by:	
Bond Principal Paid by Budget Appropriation	<u>175,000</u>
Balance, December 31, 2021	<u>\$ 8,375,396</u>

EXHIBIT F-22

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

Balance, December 31, 2020	<u>\$ 186,524</u>
Balance, December 31, 2021	<u>\$ 186,524</u>

EXHIBIT F-23

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

Balance, December 31, 2020	<u>\$ 9,069</u>
Balance, December 31, 2021	<u>\$ 9,069</u>

EXHIBIT F-24

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

Balance, December 31, 2020	<u>\$ 192,186</u>
Balance, December 31, 2021	<u>\$ 192,186</u>

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

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Amount</u>	<u>Balance, December 31, 2020</u>		<u>Balance, December 31, 2021</u>	
			<u>Funded</u>	<u>Unfunded</u>	<u>Funded</u>	<u>Unfunded</u>
9-19	Various Parking Capital Acquisitions and Improvements	\$ 750,000	\$	230,149	\$	230,149
26-20	Purchase and Acquisition of Electric Vehicles	\$ 80,000	-	15,128	-	15,128
			<u>\$ -</u>	<u>\$ 245,277</u>	<u>\$ -</u>	<u>\$ 245,277</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>2020</u>	2021 <u>Authorizations</u>	Notes Issued <u>for Cash</u>	Balance, December 31, <u>2021</u>
26-20	Purchase and Acquisition of Electric Vehicles	80,000	\$ -	\$ 80,000	-
		<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 80,000</u>	<u>\$ -</u>

CITY OF RAHWAY

PART II

GOVERNMENT AUDITING STANDARDS

AND SINGLE AUDIT



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2022. Our report on the financial statements – regulatory basis indicated that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rahway’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2021-002.

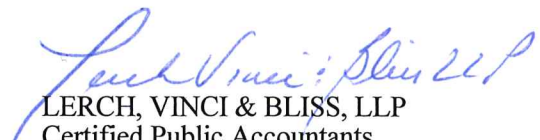
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the City of Rahway in Part III of this report of audit entitled, “Letter of Comments and Recommendations”.

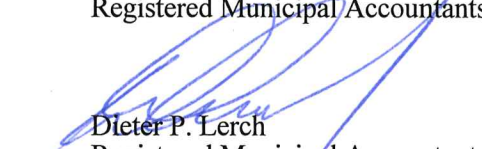
City of Rahway’s Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Rahway’s responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Rahway’s responses were not subjected to the other 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 & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 30, 2022



LERCH, VINCI & BLISS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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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 Program

Opinion on Each Major Federal 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Rahway and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Rahway’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Rahway's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Rahway's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Rahway's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance. 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, 2021, and the related notes to the financial statements and have issued our report thereon dated September 30, 2022, which contained an unmodified opinion on those financial statements prepared in accordance with the regulatory basis of accounting and also contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance 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.



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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
September 30, 2022

**CITY OF RAILWAY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

	CFDA Number	State Grant Number	Original Grant Award	2021 Receipts	Balance, December 31, 2020	Revenue Realized	Expenditures	Transfers	Adjustment/Cancellation	Balance, December 31, 2021	Cumulative Total Expenditures
U.S. Department of Housing and Urban Development (Passed Through Union County Dept. of Community Development)	14.218	N/A	\$								
Community Development Block Grants Program Year 46 (Fiscal Year 2020-2021)			\$ 304,000	\$ 111,620	\$ 102,326	\$	\$ 102,326			\$ 36,468	\$ 304,000
Home Improvement Program			105,000	27,444	41,984		5,516				68,532
Policy & Planning			27,000	23,170	756		756				27,000
Code Enforcement Program			270,000	270,000	270,000			\$ (270,000)			
Roadway Resurfacing Program											
Program Year 47 (Fiscal Year 2021-2022)					\$	14,250	14,250			231,981	14,250
Senior Citizen Social Services Program			304,000			304,000	72,019			105,000	72,019
Home Improvement Program			105,000			105,000					
Policy & Planning			24,000			24,000	24,000			278,000	24,000
Code Enforcement Program			278,000			278,000					
Roadway Resurfacing Program											
Program Income					171,245	138,963		140,000		170,208	
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	6,702
Drunk Driving Enforcement Fund	20.601	1160-100-057	5,423		5,423					5,423	5,423
Drunk Driving Enforcement Fund	20.601	1160-100-057	21,590		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	5,000
Emergency Management Program	97.042	1200-100-726	3,242		3,242					3,242	3,242
Emergency Management Program	97.042	1200-100-726	5,000		5,000					5,000	5,000
Emergency Management Program	97.042	1200-100-726	5,470		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 (Passed through County of Union)	21.019		2,700,000	1,402,728	1,400,721	\$	\$ 4,360	\$ (1,396,361)			1,299,279
Coronavirus State and Local Fiscal Recovery Fund American Rescue Plan	21.027		3,129,066	1,564,533		1,207,393	\$ 1,207,393				1,207,393
U.S. Department of Justice (Passed Through New Jersey Department of Law and Public Safety) Edward Byrne Justice Grant Local Law Enforcement Block Grant - FY 2004			27,221		2,322					2,322	24,899
			17,548		17,548					17,548	
					\$ 2,061,922	\$ 2,071,606	\$ 1,430,620	\$ (130,000)	\$ (1,396,361)	\$ 896,547	

CITY OF RAILWAY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

State Grant Program	Account Number	Award Amount	Cash Received	Balance, December 31, 2020	Revenue	Expended	Adjustment	Balance, December 31, 2021	Cumulative Total Expenditures
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				60,000	
Cooperative Housing Inspection	8010-100-023-2010	13,760		8,365				8,365	5,395
		11,094		11,094				11,094	
		10,612		10,612				10,612	
		8,729		8,729				8,729	
		8,495		8,495				8,495	
		10,683		10,683				10,683	
		25,078	1,491		\$ 25,078			25,078	
Clean Communities Grant	N/A	58,394		54,413		6,996		47,417	10,977
		49,610		49,610				49,610	49,610
		47,465		47,465				47,465	
		53,062		53,062				53,062	
		478,946			47,846			47,846	
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		7,723		7,723		14,455	34,970
		16,323		16,323		1,868		16,338	1,868
Green Acres Program		1,500,000		1,000,000	500,000	254,925		1,245,075	
Madden Field Improvements (Ord. 26-17/ss-21)		400,000		400,000		293,593		106,407	
Madden Field Improvements (Ord. 18-20)									
Department of Health									
Public Health Priority Funding	4230-100-307	75,530		282				282	75,248
Economic Development Authority									
Hazardous Discharge Site Remediation - FY 2009		313,170		10,881				10,881	302,289
Hazardous Discharge Site Remediation - FY 2011		284,033		177,839				177,839	106,194
Department of Law and Public Safety									
Alcohol Education and Rehabilitation	4250-760-050000-63	229		229				229	
		496		496				496	
		250		250				250	
		11,097		11,097				11,097	
		1,206		1,206				1,206	
Click It or Ticket Program	N/A	9,150		8,006				8,006	1,144

CITY OF RAHWAY
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2021

State Grant Program	Account Number	Award Amount	Cash Received	Balance, December 31, 2020	Revenue	Expended	Adjustment	Balance, December 31, 2021	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	6,795	4,920		1,800	5,343
		6,795						6,795	
Safe and Secure Communities	1020-100-232	174,150		54,793				54,793	119,357
		55,562		55,562				55,562	
Drug Free Communities	N/A	125,000		101,914		55,783		46,131	78,869
		125,000		125,000				125,000	
Bulletproof Vest Program	N/A	10,461			10,461	4,040		6,421	
Unclassified									
NJ Child Passenger Safety	N/A	7,400		2,375				2,375	5,025
ADA T-ASE 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	4,500	25,109		79,124	170,876
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		17,786		876		16,910	13,650
Strengthening Local Health Preparedness	N/A	291,042	\$ 154,676		291,042	6,423		284,619	6,423
Department of Transportation	6320-480-60138X-61	190,983							190,983
2011 Road Resurfacing (Ord. 10-11)		237,820		18,211				18,211	219,609
2014 Road Improvements (Ord. 27-14)		650,000		29,840		29,840			650,000
2019 Road Improvements (Ord. 5-19)		94,544							94,544
Highway Safety Grant		87,041		22,245		6,766		15,479	71,562
Highway Safety Grant		19,515		19,515				19,515	
				\$ 2,668,105	\$ 902,060	\$ 698,862	\$ -	\$ 2,871,303	

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, 2021**

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	\$ 1,207,393	\$ 402,060	\$ 1,609,453
General Capital Fund	-	500,000	500,000
Community Development Grant Fund	<u>864,213</u>	<u>-</u>	<u>864,213</u>
Total Financial Awards	<u>\$ 2,071,606</u>	<u>\$ 902,060</u>	<u>\$ 2,973,666</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, 2021**

NOTE 5 FEDERAL AND STATE LOANS OUTSTANDING

The City's federal and state loans outstanding at December 31, 2021, 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	\$ 141,524
Environmental Infrastructure Loans	
Water Utility	13,042,145
Sewer Utility	<u>247,850</u>
	<u>\$ 13,431,519</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, 2021**

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>
21.027	Coronavirus State and Local Fiscal Recovery Fund American Rescue Plan

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021**

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 2021-001

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 \$49,830,523. The account reconciliations were not in agreement with cash balances reflected on the general ledger.

Effect

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

Recommendation

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

View of Responsible Officials and Planned Corrective Action

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

**CITY OF RAHWAY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 2021-002

Our audit indicated that expenditures incurred in excess of available appropriations for budgetary line items in the water and sewer utility funds and a general capital fund ordinance.

Criteria or Specific Requirement

Local Budget Law

Condition

Expenditures were incurred in the General Capital , Water Utility Operating and Sewer Utility Operating funds in excess of appropriations available in the respective ordinance/budget line item.

Questioned Costs

None.

Context

Expenditures of \$628,044 were incurred and charged to a capital ordinance in the General Capital Fund. The remaining appropriation available in the applicable ordinance was \$159,955. This resulted in an overexpenditure of \$468,089.

Expenditures of \$4,985,022 were incurred in the Water Utility Fund for management fee and other expenses. The appropriation amount available was \$4,850,000. This resulted in an overexpenditures of \$135,022.

Expenditures of \$4,783,639 were incurred in the Sewer Utility Fund for sewer treatment expenses. The appropriation amount available was \$4,300,000. This resulted in an overexpenditure of \$483,639.

Effect

The City's subsequent year budget is required to include the funding of the overexpenditures.

Recommendation

Internal controls be enhanced to prevent the overexpenditure of capital ordinances and budget appropriations.

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, 2021**

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, 2021**

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2020-001

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

Current Status

See Finding 2021-001

Finding 2020-002

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

Current Status

See general comment with respect to the use of national cooperative purchasing agreements.

CITY OF RAHWAY



PART III

SUPPORTING DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

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

	Year Ended		Year Ended	
	December 31, 2021		December 31, 2020	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Anticipated	\$ 2,500,000	2.01 %	\$ 2,250,000	1.81 %
Miscellaneous - From Other Than Local				
Property Tax Levies	16,187,024	13.04	15,275,525	12.30
Collection of Delinquent Taxes and Tax Title Liens	1,884,999	1.52	1,359,137	1.09
Collection of Current Tax Levy	99,461,626	80.11	97,697,260	78.69
Other Credits to Income	<u>4,125,635</u>	<u>3.31</u>	<u>7,709,324</u>	<u>6.20</u>
 Total Income	 <u>124,159,284</u>	 <u>100.00</u> %	 <u>124,291,246</u>	 <u>100.11</u> %
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	56,730,767	47.40 %	56,497,214	47.21 %
County Taxes	14,501,267	12.12	15,144,201	12.65
Local School Taxes	46,603,673	38.94	45,342,308	37.89
Special Improvement Taxes	325,000	0.27	250,000	0.21
Other Expenditures	<u>1,516,756</u>	<u>1.26</u>	<u>2,995,410</u>	<u>2.49</u>
 Total Expenditures	 119,677,463	 <u>100.00</u> %	 120,229,133	 <u>100.46</u> %
 Excess in Revenue	 4,481,821		 4,062,113	
 Fund Balance, Beginning of Year	 <u>7,479,527</u>		 <u>5,667,414</u>	
	11,961,348		9,729,527	
 Less Utilization as Anticipated Revenue	 <u>2,500,000</u>		 <u>2,250,000</u>	
 Fund Balance, End of Year	 <u>\$ 9,461,348</u>		 <u>\$ 7,479,527</u>	

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

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Collection of Water Rents	\$ 8,904,259	99.48 %	\$ 7,387,972	82.54 %
Miscellaneous - From Other Than Water Rents	<u>46,776</u>	<u>0.52</u>	<u>299,501</u>	<u>3.35</u>
Total Income	<u>8,951,035</u>	<u>100.00 %</u>	<u>7,687,473</u>	<u>85.88 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	4,985,022	72.33 %	4,800,000	69.64 %
Capital Improvements	405,000	7.24	500,000	7.24
Deferred Charges	-	-	-	-
Debt Service	1,502,112	21.79	1,605,456	23.29
Other Expenditures				
Refund of Prior Year Revenue	<u>-</u>	<u>-</u>	<u>1,801</u>	<u>0.03</u>
Total Expenditures	<u>6,892,134</u>	<u>101.36 %</u>	<u>6,907,257</u>	<u>100.20 %</u>
Excess (Deficiency) in Revenues Over (Under) Expenditures	2,058,901		780,216	
Adjustments to Income Before Fund Balance				
Expenditures Included Above which by Statute are Required to be Raised in Subsequent Year				
Overexpenditure of Appropriations	135,022			
Surplus to General Budget	<u>-</u>		<u>-</u>	
Statutory Excess to Fund Balance	2,193,923		780,216	
Operating Deficit				
Fund Balance, Beginning of Year	<u>3,140,749</u>		<u>2,360,533</u>	
Fund Balance, End of Year	<u>\$ 5,334,672</u>		<u>\$ 3,140,749</u>	

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

	Year Ended		Year Ended	
	December 31, 2021		December 31, 2020	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Anticipated	\$ 250,000	4.20 %	\$ 250,000	4.20 %
Rents	5,196,576	87.03	4,996,492	83.68
Industrial Sewer Flow Charges	425,044	7.12	250,306	4.19
Miscellaneous - From Other Than Sewer Rents	10,464	0.18	136,014	2.28
Other Credits to Income	<u>88,642</u>	<u>1.48</u>	<u>-</u>	<u>-</u>
Total Income	<u>5,970,726</u>	<u>100.00 %</u>	<u>5,632,812</u>	<u>94.34 %</u>
EXPENDITURES				
Budget Expenditures				
Operating	5,258,639	91.36 %	4,775,000	82.95 %
Deferred Charges and Statutory Expenditures	12,000	0.21	12,000	0.21
Debt Service	<u>485,604</u>	<u>8.44</u>	<u>450,268</u>	<u>7.82</u>
Total Expenditures	<u>5,756,243</u>	<u>100.00 %</u>	<u>5,237,268</u>	<u>90.98 %</u>
Excess in Revenue	214,483		395,544	
Adjustments to Income Before Fund Balance				
Expenditures Included Above which by Statute are Required to be Raised in Subsequent Year				
Overexpenditure of Appropriations	483,639			
Surplus to General Budget	<u>-</u>		<u>-</u>	
Statutory Excess to Fund Balance	698,122		395,544	
Fund Balance, Beginning of Year	<u>2,257,652</u>		<u>2,112,108</u>	
	2,955,774		2,507,652	
Less Utilization as Anticipated Revenue	<u>250,000</u>		<u>250,000</u>	
Fund Balance, End of Year	<u>\$ 2,705,774</u>		<u>\$ 2,257,652</u>	

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

	Year Ended December 31, 2021		Year Ended December 31, 2020	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Surplus Anticipated	\$ 337,000			
Parking Fees	966,503	49.56%	\$ 835,286	49.56%
Miscellaneous - Other than Parking Fees	510,036	20.80%	507,578	30.11%
Other Credits to Income	<u>638,989</u>	<u>26.05%</u>	<u>342,732</u>	<u>20.33%</u>
 Total Income	 <u>2,452,528</u>	 <u>96.40%</u> %	 <u>1,685,596</u>	 <u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	915,000	72.05%	915,000	69.98%
Deferred Charges and Statutory Expenditures	37,000	2.91%	37,000	2.83%
Debt Service	317,941	25.04%	353,862	27.06%
Other Expenditures				
Refund of Prior Year Revenue	<u>-</u>	<u>0.00%</u>	<u>1,675</u>	<u>0.13%</u>
 Total Expenditures	 <u>1,269,941</u>	 <u>100.00%</u>	 <u>1,307,537</u>	 <u>99.87%</u>
 Excess in Revenue	 1,182,587		 378,059	
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>-</u>	
 Statutory Excess to Fund Balance	 1,182,587		 378,059	
 Fund Balance, Beginning of Year	 <u>2,621,377</u>		 <u>2,243,318</u>	
	3,803,964		2,621,377	
 Less Utilization as Anticipated Revenue	 <u>337,000</u>		 <u>-</u>	
 Fund Balance, End of Year	 <u>\$ 3,466,964</u>		 <u>\$ 2,621,377</u>	

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Tax Rate - Calendar Year</u>	<u>\$6.951</u>	<u>\$6.925</u>	<u>\$6.837</u>
<u>Apportionment of Tax Rate</u>			
Municipal (1)	2.716	2.716	2.679
County	1.001	1.051	1.018
Local School	3.234	3.158	3.140

(1) Includes Library

Assessed Valuation

2021	<u>\$1,441,271,151</u>	
2020		<u>\$1,435,801,351</u>
2019		<u>\$1,431,290,451</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>
2021	\$ 100,832,376	\$ 99,461,626	98.64%
2020	99,975,561	98,197,260	98.22%
2019	98,173,123	96,436,716	98.23%
2018	95,898,091	94,307,822	98.34%
2017	94,935,013	93,034,904	97.99%

**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>
2021	\$ 707,235	\$ 1,277,495	\$ 1,984,730	1.97%
2020	484,349	1,981,743	2,466,092	2.47%
2019	427,083	1,648,462	2,075,545	2.11%
2018	377,047	1,614,716	1,991,763	2.08%
2017	452,502	1,815,306	2,267,808	2.39%

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>
2021	\$ 2,664,500
2020	2,664,500
2019	2,664,500
2018	2,644,300
2017	2,644,300

COMPARISON OF WATER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection*</u>
2021	\$9,106,437	\$8,904,259	97.78%
2020	7,738,951	7,387,972	95.46
2019	7,583,161	7,538,160	99.41
2018	7,472,008	7,449,319	99.69
2017	6,877,520	6,752,350	98.18

*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>
2021	\$5,412,374	\$5,196,576	96.01%
2020	5,045,543	4,996,492	99.03
2019	5,081,495	5,086,645	100.10
2018	4,837,473	4,833,499	99.92
2017	4,697,232	4,577,871	97.45

*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	2021	\$9,461,348	\$3,000,000
	2020	7,479,527	2,500,000
	2019	5,667,414	2,250,000
	2018	4,528,192	2,250,000
	2017	5,135,781	2,500,000
Water Utility Operating Fund	2021	\$5,334,672	\$135,022
	2020	3,140,749	-0-
	2019	2,360,533	-0-
	2018	1,620,264	-0-
	2017	655,634	-0-
Sewer Utility Operating Fund	2021	\$2,705,774	\$854,639
	2020	2,257,652	250,000
	2019	2,112,108	250,000
	2018	1,929,949	250,000
	2017	1,626,676	250,000
Parking Utility Operating Fund	2021	\$3,466,964	\$500,000
	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, 2021**

<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 Gibilisco	Councilmember – Ward 6	
Jacqueline Foushee	Business Administrator	\$50,000 (A)
Jeff Jotz	City Clerk	
Michael Smalling	Director of Public Works and Engineering	50,000 (A)
Jonathan Parham	Director of Police	50,000 (A)
Michael Roberts	Director/Fire Chief	50,000 (A)
Frank Ruggiero	Chief Financial Officer	50,000 (A)
Richard Lorentzen	Tax Collector/ Tax Search Officer	250,000 (A)
Anthony Deige, Jr.	Director of Parks and Recreation	50,000 (A)
Louis N. Rainone, Esq.	Director of Law	
Roman Montes	Municipal Judge	50,000 (A)
Marylène Shepard	Court Administrator	100,000 (B)
Thomas Mancuso	Director of Assessments/Tax Assessor	50,000 (A)
Richard Watkins	Construction Code Official	50,000 (A)
Daniel Lee	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 indicated that the net payroll and payroll agency bank accounts were not reconciled. It is recommended that the City's payroll bank accounts be reconciled on a monthly basis.

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.

Current Year

Our audit revealed prior year accounts payable remain outstanding on the City's financial records. It is recommended that prior year accounts payable be reviewed and cleared of record.

Our audit indicated that a contract for the acquisition of a vehicle was awarded through the use of a national cooperative purchasing agreement. However, statutory requirements were not adhered to with respect to the use of such agreements. It is recommended that contracts awarded through the use of national cooperative purchasing agreements comply with statutory requirements as per Local Finance Notice 2012-10.

Our audit indicated that contracts were not always encumbered upon award. It is recommended that contracts be encumbered at time of award.

Our audit indicated that the vendor utilized for the Water Treatment Plant Filtration Improvement project received a duplicate payment of \$176,852. It is recommended that the vendor overpayment be refunded to the City.

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:

2021 Rahway Road Resurfacing Project
Madden Field Improvements – Phase 2
2021 Sidewalk Improvement Project
NJ DOT FY 2021 Road Resurfacing Project

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 3, 2021 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2021	17
2020	9
2019	11
2018	12
2017	12

**CITY OF RAHWAY
RECOMMENDATIONS**

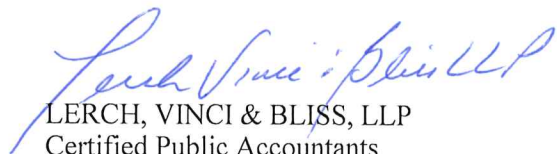
It is recommended that


- * 1. The general ledger be reviewed monthly and reconciled to the bank reconciliations.
- * 2. The City's payroll bank accounts be reconciled on a monthly basis.
- * 3. A cash receipt ledger be maintained for monies collected by the Senior Center.
- 4. Prior year accounts payable be reviewed and cleared of record.
- 5. Contracts awarded through the use of a national cooperative purchasing agreement comply with statutory requirements per Local Finance Notice 2012-10.
- 6. Contracts be encumbered at time of award.
- 7. The vendor overpayment be refunded to the City.
- 8. Internal controls be enhanced to prevent overexpenditures of capital ordinances and budget appropriations.

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 & BLISS, LLP
Certified Public Accountants
Registered Municipal Accountants


Dieter P. Lerch
Certified Public Accountant
RMA Number CR00398