



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

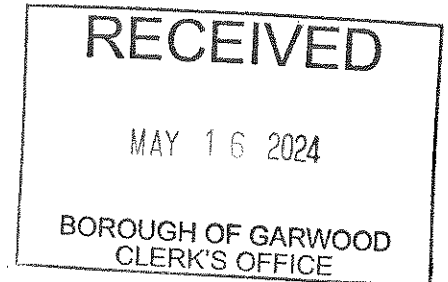
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Ms. Catherine D. Cameron, RMC
Municipal Clerk
Borough of Garwood
403 South Avenue
Garwood, New Jersey 07027



RE: BOROUGH OF GARWOOD
UNION COUNTY, NEW JERSEY

Dear Ms. Cameron:

Enclosed please find two (2) copies of the report of audit for the year ended December 31, 2023. An electronic copy will also be sent to you.

An exact copy of this report will be filed with the Director of the Division of Local Government Services, Trenton, New Jersey through the FAST system.

An exact copy of this report will be filed with the Director of the Division of Local Government Services, Trenton, New Jersey and the County of Union, Department of Finance, Division of Internal Audit.

May we suggest that the members of the governing body review the audit report and, if there are any questions relative to the 2023 audit, please do not hesitate to call upon us.

Yours very truly,

SUPLEE, CLOONEY & COMPANY LLC



Warren M. Korecky, Partner

May 15, 2024

WMK:mvf
Encls.

Report of Audit

on the

Financial Statements

of the

Borough of Garwood

in the

County of Union
New Jersey

for the

Year Ended
December 31, 2023

BOROUGH OF GARWOOD

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BOROUGH OF GARWOOD

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BOROUGH OF GARWOOD

PART I

INDEPENDENT AUDITORS REPORT ON
AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULES AND DATA

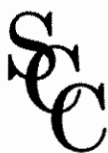
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REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

FINANCIAL STATEMENTS – REGULATORY BASIS - ALL FUNDS

NOTES TO FINANCIAL STATEMENTS - REGULATORY BASIS

SUPPLEMENTARY SCHEDULES - ALL FUNDS

YEAR ENDED DECEMBER 31, 2023 AND 2022



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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members
of the Borough Council
Borough of Garwood
County of Union
Garwood, New Jersey 07027

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Garwood (the "Borough"), as of and for the years ended December 31, 2023 and 2022, 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 individual funds for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2023 and 2022, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") 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 "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough as of December 31, 2023 and 2022, or the results of its operations and changes in fund balance for the years then ended or the revenues or expenditures for the year ended December 31, 2023.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Borough and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough'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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the regulatory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division 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.

SUPLEE, CLOONEY & COMPANY LLC

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

- exercise professional judgment 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 Borough'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 Borough'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 opinions on the financial statements that collectively comprise the Borough's regulatory financial statements. The supplementary information, and data listed in the table of contents as required by the Division are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, and data listed in the table of contents, as required by the Division are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

SUPLEE, CLOONEY & COMPANY LLC

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2024 on our consideration of the Borough'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 Borough'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 Borough's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 419

May 3, 2024



SUPLEE, CLOONEY & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

The Honorable Mayor and Members
of the Borough Council
Borough of Garwood
County of Union
Garwood, New Jersey 07027

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Garwood, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated May 3, 2024. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Garwood prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

SUPLEE, CLOONEY & COMPANY LLC

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 Borough of Garwood's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


CERTIFIED PUBLIC ACCOUNTANTS


REGISTERED MUNICIPAL ACCOUNTANT NO. 419

May 3, 2024

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CURRENT FUND

BOROUGH OF GARWOOD

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

	REF.	BALANCE DECEMBER 31, 2023	BALANCE DECEMBER 31, 2022
<u>ASSETS</u>			
Cash	A-4	\$ 2,544,122.43	\$ 2,436,113.39
Cash - Change Fund	A-12	250.00	250.00
Grants Receivable	A-23	157,535.50	85,237.75
		<u>\$ 2,701,907.93</u>	<u>\$ 2,521,601.14</u>
Receivables with Full Reserves:			
Delinquent Property Taxes Receivable	A-7	\$ 184,156.89	\$ 147,303.49
Tax Title Liens Receivable	A-8	36,050.50	35,079.77
Property Acquired for Taxes - Assessed Value	A-9	17,974.00	17,974.00
Revenue Accounts Receivable	A-10	6,010.46	2,918.84
Interfunds Receivable	A-13	7,582.56	6,358.81
	A	<u>\$ 251,774.41</u>	<u>\$ 209,634.91</u>
Deferred Charges:			
Special Emergency N.J.S.A. 40A:4-55	A-25	\$ 150,000.00	\$ 228,000.00
		<u>\$ 150,000.00</u>	<u>\$ 228,000.00</u>
		<u>\$ 3,103,682.34</u>	<u>\$ 2,959,236.05</u>
		<u><u>\$ 3,103,682.34</u></u>	<u><u>\$ 2,959,236.05</u></u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Liabilities:			
Appropriation Reserves	A-3:A-11	\$ 615,803.11	\$ 335,300.74
Accounts Payable	A-21	230,616.33	95,846.00
Accounts Payable - Grants	A-22	11,344.00	27,779.29
Due State of New Jersey - Senior Citizens and Veterans Deductions	A-6		750.00
Reserve for Grants - Appropriated	A-20	177,922.74	113,416.67
Reserve for Grants - Unappropriated	A-29	1,523.81	1,359.48
Prepaid Taxes	A-16	86,877.08	82,605.84
Emergency Note Payable	A-26	150,000.00	228,000.00
School Taxes Payable	A-19	0.63	0.63
County Taxes Payable	A-18	3,898.38	1,879.17
Reserve for Library State Aid	A-14	18,986.88	17,318.10
Reserve for Library	A-27	119,729.50	108,432.05
Reserve for Master Plan	A-24	1,143.50	1,143.50
Reserve for Tax Appeals	A-15	151,308.68	136,308.68
Reserve for Tax Maps	A-28	27,366.98	27,366.98
Reserve for Tropical Storm IDA	A-30	62,038.57	62,038.57
Reserve for Municipal Relief Funds	A-31	51,129.16	25,570.00
		<u>\$ 1,709,689.35</u>	<u>\$ 1,265,115.70</u>
Reserve for Receivables	A	251,774.41	209,634.91
Fund Balance	A-1	<u>1,142,218.58</u>	<u>1,484,485.44</u>
		<u><u>\$ 3,103,682.34</u></u>	<u><u>\$ 2,959,236.05</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOODCURRENT FUNDSTATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	<u>YEAR ENDED DECEMBER 31, 2023</u>	<u>YEAR ENDED DECEMBER 31, 2022</u>
<u>REVENUE AND OTHER INCOME REALIZED</u>			
Fund Balance Utilized	A-2	\$ 1,200,000.00	\$ 650,000.00
Miscellaneous Revenue Anticipated	A-2	1,910,975.86	1,998,061.33
Receipts From Delinquent Taxes	A-2	147,303.49	152,661.87
Receipts From Current Taxes	A-2	20,103,501.00	19,514,996.64
Non-Budget Revenue	A-2	266,189.22	527,787.60
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-11	190,285.46	209,737.06
Interfunds Returned			866.23
<u>Total Income</u>		<u>\$ 23,818,255.03</u>	<u>\$ 23,054,110.73</u>
<u>EXPENDITURES</u>			
Budget Appropriations:			
Operations Within "CAPS"	A-3	\$ 6,703,987.00	\$ 6,229,505.00
Deferred Charges and Statutory			
Expenditures-Municipal	A-3	1,104,074.00	939,230.00
Operations Excluded From "CAPS"	A-3	1,234,764.64	1,124,080.70
Capital Improvement Fund	A-3	10,000.00	50,000.00
Municipal Debt Service	A-3	744,751.21	569,906.62
Deferred Charges	A-3	83,000.00	83,000.00
Transferred to Board of Education for Use of Local Schools	A-3	50,000.00	150,000.00
County Taxes	A-18	3,563,655.91	3,608,841.21
County Share of Added and Omitted Taxes	A-18	3,898.38	1,879.17
Local District School Tax	A-19	9,461,167.00	9,242,334.00
Interfunds Advanced		1,223.75	
<u>Total Expenditures</u>		<u>\$ 22,960,521.89</u>	<u>\$ 21,998,776.70</u>
Excess in Revenue		\$ 857,733.14	\$ 1,055,334.03
Fund Balance, January 1	A	1,484,485.44	1,079,151.41
		<u>\$ 2,342,218.58</u>	<u>\$ 2,134,485.44</u>
Decreased by:			
Utilized as Anticipated Revenue	A-1:A-2	1,200,000.00	650,000.00
Fund Balance, December 31	A	<u>\$ 1,142,218.58</u>	<u>\$ 1,484,485.44</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

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

		<u>ANTICIPATED</u>			
	<u>REF.</u>	<u>BUDGET</u>	<u>SPECIAL N.J.S. 40A:4-87</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Fund Balance Appropriated	A-1	\$ <u>1,200,000.00</u>		\$ <u>1,200,000.00</u>	
Miscellaneous:					
Licenses:					
Alcoholic Beverage	A-10	\$ 22,000.00		\$ 22,281.00	\$ 281.00
Other	A-2	18,000.00		20,900.50	2,900.50
Fees and Permits:					
Other	A-2	24,000.00		77,560.15	53,560.15
Interest and Costs on Taxes	A-10	35,000.00		39,797.71	4,797.71
Fines and Costs-Municipal Court	A-10	40,000.00		59,327.42	19,327.42
Cable T.V. Franchise Tax	A-10	19,925.00		19,925.10	0.10
Cable T.V. Franchise Tax-Verizon	A-10	40,000.00		40,095.14	95.14
Sewer Flow Charges - Industrial Users	A-2	78,000.00		80,093.22	2,093.22
Energy Receipts Tax	A-10	493,574.00		493,574.34	0.34
Union County Green Grant	A-23	5,000.00		5,000.00	
Clean Communities Program	A-23		10,474.55	10,474.55	
Municipal Alliance on Alcoholism and Drug Abuse	A-23	3,549.00		3,549.00	
Body Armor Replacement Fund	A-23	1,359.48		1,359.48	
Recycling Tonnage Grant	A-23	3,823.21		3,823.21	
Union County Freeholders Kids Recreation	A-23	35,000.00		35,000.00	
NJDEP Stormwater Assistance Grant	A-23		15,000.00	15,000.00	
Union County Infrastructure Grant	A-23		38,000.00	38,000.00	
DMHAS Youth Leadership Grant	A-23	3,402.00		3,402.00	
Federal Bulletproof Vest Program	A-23		2,871.40	2,871.40	
Summer Recreation Fees	A-10	18,000.00		20,430.00	2,430.00
Uniform Fire Safety Act	A-10	14,500.00		13,854.75	(645.25)
Reimbursement of Costs - Library	A-10	67,000.00		67,000.00	
Pilot	A-10	40,000.00		48,587.75	8,587.75
Bulk Pick Up	A-10	14,000.00		11,880.00	(2,120.00)
Capital Surplus	A-10	50,000.00		50,000.00	
Landlord Registration Fees	A-10	112,500.00		163,800.00	51,300.00
Municipal Relief Funds	A-31	25,570.00		25,570.00	
Township of Cranford - Shared Services Fee	A-10	74,000.00		74,423.70	423.70
Site Plan Application Fee	A-10	450,000.00		463,395.44	13,395.44
	A-1	\$ <u>1,688,202.69</u>	\$ <u>66,345.95</u>	\$ <u>1,910,975.86</u>	\$ <u>156,427.22</u>
Receipts From Delinquent Taxes:					
Delinquent Tax Collections	A-7	\$ 140,000.00		\$ 147,303.49	\$ 7,303.49
	A-1	\$ <u>140,000.00</u>		\$ <u>147,303.49</u>	\$ <u>7,303.49</u>
Property Tax for Support of Municipal Budget					
Appropriations-Local Tax for Municipal Purposes	A-2:A-7	\$ 6,950,215.76		\$ 7,188,956.47	\$ 238,740.71
Minimum Library Tax	A-2:A-7	285,823.24		285,823.24	
		\$ <u>7,236,039.00</u>		\$ <u>7,474,779.71</u>	\$ <u>238,740.71</u>
Budget Totals		\$ 10,264,241.69	\$ 66,345.95	\$ 10,585,755.57	\$ 402,471.42
Non-Budget Revenues	A-1:A-2			266,189.22	266,189.22
		\$ <u>10,264,241.69</u>	\$ <u>66,345.95</u>	\$ <u>10,851,944.79</u>	\$ <u>668,660.64</u>
	<u>REF.</u>	A-3	A-3		

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

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

	<u>REF.</u>	
Allocation of Current Tax Collections:		
Revenue From Collections	A-1:A-7	\$ 20,103,501.00
Allocated to:		
School and County Taxes		<u>13,028,721.29</u>
Support of Municipal Budget Appropriations		\$ 7,074,779.71
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>400,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>7,474,779.71</u></u>
Licenses:		
Clerk	A-10	\$ 7,126.00
Board of Health	A-10	13,777.50
Registrar of Vital Statistics	A-10	<u>72.00</u>
		\$ 20,975.50
Less: Refunds	A-4	<u>75.00</u>
	A-2	<u><u>20,900.50</u></u>
Fees and Permits Other:		
Police Department	A-10	\$ 5,878.00
Fire Department	A-10	21,294.00
Registrar of Vital Statistics	A-10	1,905.00
Clerk	A-10	<u>48,483.15</u>
	A-2	\$ <u><u>77,560.15</u></u>
Sewer Flow Charges	A-10	\$ 84,983.55
Less: Refunds	A-4	<u>4,890.33</u>
	A-2	\$ <u><u>80,093.22</u></u>

ANALYSIS OF NON-BUDGET REVENUE

Miscellaneous Revenue Not Anticipated:		
Interest on Investments		\$ 87,702.72
Senior Citizens and Veterans Administrative Fee		389.18
FEMA Reimbursements		48,265.34
Police Outside Service Administrative Fees		80,262.50
Sewer Charges		10,000.00
Recreation Complex Settlement		17,414.03
Municipal Bids		14,006.77
Miscellaneous		3,175.24
Void Checks		<u>4,973.44</u>
	A-2:A-4	\$ <u><u>266,189.22</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

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

<u>OPERATIONS WITHIN "CAPS"</u>	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>GENERAL GOVERNMENT</u>					
Administrative and Executive:					
Salaries and Wages	\$ 284,310.00	\$ 279,310.00	\$ 258,260.52	\$ 21,049.48	\$
Other Expenses	26,400.00	26,400.00	17,945.96	8,454.04	
Mayor and Council:					
Salaries and Wages	7.00	7.00		7.00	
Other Expenses	1,750.00	1,750.00	1,211.41	538.59	
Municipal Clerk:					
Salaries and Wages	68,950.00	68,950.00	68,931.79	18.21	
Other Expenses	15,425.00	15,425.00	12,104.57	3,320.43	
Financial Administration (Treasury):					
Salaries and Wages	134,610.00	134,610.00	134,598.73	11.27	
Other Expenses	18,800.00	18,800.00	15,501.37	3,298.63	
Audit Services	42,500.00	42,500.00	42,500.00		
Elections:					
Other Expenses	5,000.00	5,000.00	4,971.03	28.97	
Computer and Data Processing:					
Other Expenses	53,330.00	61,330.00	57,161.25	4,168.75	
Assessment of Taxes:					
Salaries and Wages	16,000.00	16,000.00	15,996.17	3.83	
Other Expenses	30,970.00	30,970.00	913.08	30,056.92	
Revenue Administration (Tax Collection):					
Salaries and Wages	53,680.00	53,680.00	50,149.82	3,530.18	
Other Expenses	4,500.00	4,500.00	4,287.79	212.21	
Legal Services and Costs:					
Other Expenses	120,000.00	101,000.00	80,971.14	20,028.86	
Engineering Services and Costs:					
Salaries and Wages	25,000.00	25,000.00	25,000.00		
Other Expenses	300.00	300.00	259.09	40.91	
Municipal Court:					
Salaries and Wages	82,700.00	82,700.00	64,353.38	18,346.62	
Other Expenses	5,000.00	5,000.00	3,326.90	1,673.10	
Public Grounds and Buildings:					
Other Expenses	129,000.00	108,000.00	83,955.23	24,044.77	
Other Expenses - Sports and Recreation Complex					
Planning Board:					
Salaries and Wages	18,120.00	18,120.00	18,118.95	1.05	
Other Expenses	12,550.00	12,550.00	10,542.19	2,007.81	
Public Defender:					
Other Expenses	3,000.00	3,000.00	2,250.00	750.00	
Shade Tree Commission:					
Other Expenses	18,000.00	31,000.00	30,932.26	67.74	
Insurance:					
Group Insurance Plan for Employees	1,061,500.00	1,057,500.00	1,008,320.76	49,179.24	
Workers' Compensation Insurance	131,425.00	131,425.00	131,422.60	2.40	
Other Insurance	150,000.00	150,000.00	149,964.24	35.76	
<u>PUBLIC SAFETY</u>					
Fire:					
Salaries and Wages	27,066.00	27,066.00	27,066.00		
Other Expenses:					
Fire Hydrant Service	69,000.00	69,000.00	63,464.70	5,535.30	
Miscellaneous	74,750.00	83,250.00	77,830.83	5,419.17	
Uniform Fire Safety Act (P.L.1983 Ch.383) - Fire Official:					
Salaries and Wages	21,000.00	21,000.00	19,502.70	1,497.30	
Other Expenses	13,500.00	13,500.00	6,794.58	6,705.42	
Police:					
Salaries and Wages	2,316,055.00	2,316,055.00	2,121,334.30	194,720.70	
Other Expenses	125,625.00	125,625.00	125,488.97	136.03	
Emergency Management Services:					
Salaries and Wages	2,456.00	2,456.00	2,456.00		
Other Expenses	275.00	275.00	75.00	200.00	
Municipal Prosecutor:					
Other Expenses	12,000.00	12,000.00	12,000.00		
<u>STREETS AND ROADS</u>					
Road Repairs and Maintenance:					
Salaries and Wages	636,500.00	636,500.00	572,091.43	64,408.57	
Other Expenses	127,574.00	139,574.00	122,485.54	17,088.46	
Snow Removal:					
Other Expenses	7,500.00	7,500.00		7,500.00	
Street Lighting	78,500.00	78,500.00	74,137.38	4,362.62	

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

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

	APPROPRIATIONS		EXPENDED		UNEXPENDED BALANCE CANCELED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED	
<u>OPERATIONS WITHIN "CAPS" (CONTINUED)</u>					
<u>SANITATION</u>					
Sewer System:					
Other Expenses	\$ 13,550.00	\$ 13,550.00	\$ 13,371.50	\$ 178.50	\$
Sanitary Landfill Dumping Fees:					
Other Expenses	310,300.00	310,300.00	285,152.40	25,147.60	
<u>HEALTH AND WELFARE</u>					
Board of Health:					
Salaries and Wages	8,760.00	8,760.00	8,759.85	0.15	
Other Expenses	60,599.00	60,599.00	60,174.55	424.45	
Dog Regulation:					
Other Expenses	7,500.00	7,500.00	7,500.00		
<u>RECREATION AND EDUCATION</u>					
Board of Recreation Commission (40:12-1):					
Salaries and Wages	48,500.00	53,500.00	52,375.28	1,124.72	
Other Expenses	16,650.00	18,150.00	17,606.45	543.55	
Senior Citizens Recreation:					
Other Expenses	16,200.00	16,200.00	14,974.10	1,225.90	
Historical Committee:					
Other Expenses	300.00	300.00	150.00	150.00	
Celebration of Public Events, Anniversary or Holiday:					
Other Expenses	4,000.00	4,000.00	2,981.20	1,018.80	
<u>UNCLASSIFIED</u>					
Retirement and Accumulated Leave Compensation	50,000.00	50,000.00		50,000.00	
<u>UTILITIES</u>					
Telephone	28,000.00	29,000.00	28,619.74	380.26	
Other Utilities	40,000.00	40,000.00	37,884.19	2,115.81	
Gas and Oil	75,000.00	75,000.00	58,155.03	16,844.97	
TOTAL OPERATIONS (INCLUDING CONTINGENT) WITHIN "CAPS"	\$ 6,703,987.00	\$ 6,703,987.00	\$ 6,106,381.95	\$ 597,605.05	\$
<u>DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"</u>					
Statutory Expenditures:					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 210,000.00	\$ 210,000.00	\$ 206,291.57	\$ 3,708.43	\$
Police and Firemen's Retirement System of New Jersey	620,391.00	620,391.00	620,390.74	0.26	
Public Employees' Retirement System	247,183.00	247,183.00	247,182.55	0.45	
Defined Contribution Retirement Program (DCRP)	1,500.00	1,500.00	1,297.52	202.48	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS"	\$ 1,104,074.00	\$ 1,104,074.00	\$ 1,100,162.38	\$ 3,911.62	\$
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	\$ 7,808,061.00	\$ 7,808,061.00	\$ 7,206,544.33	\$ 601,516.67	\$
<u>OTHER OPERATIONS-EXCLUDED FROM "CAPS"</u>					
Sanitation:					
Sewerage Authority-Service Charges-Contractual	\$ 766,775.00	\$ 766,775.00	\$ 766,775.00	\$	\$
Maintenance of Free Public Library	285,823.00	285,823.00	280,098.06	5,724.94	
Length of Service Award Program (LOSAP)	47,800.00	47,800.00	42,727.50	5,072.50	
Tax Appeals Pending	15,000.00	15,000.00	11,511.00	3,489.00	
Municipal Alliance Grant:					
County Share	3,549.00	3,549.00	3,549.00		
Local Share	887.00	887.00	887.00		
Body Armor Grant	1,359.48	1,359.48	1,359.48		
Union County Greening Grant	5,000.00	5,000.00	5,000.00		
Drive Sober or Get Pulled Over 2017	3,402.00	3,402.00	3,402.00		
UC Kids Recreation Trust Fund Program-County Share	35,000.00	35,000.00	35,000.00		
Recycling Tonnage Grant	3,823.21	3,823.21	3,823.21		
Federal Bulletproof Vest (N.J.S.A. 40A:4-87 + \$2,871.40)		2,871.40	2,871.40		
UC Infrastructure Grant (N.J.S.A. 40A:4-87 + \$38,000.00)		38,000.00	38,000.00		
NJDEP - Stormwater Assistance Grant (N.J.S.A. 40A:4-87 + \$15,000.00)		15,000.00	15,000.00		
Clean Communities Grant (N.J.S.A. 40A:4-87 + \$10,474.55)		10,474.55	10,474.55		
TOTAL OPERATIONS-EXCLUDED FROM "CAPS"	\$ 1,168,418.69	\$ 1,234,764.64	\$ 1,220,478.20	\$ 14,286.44	\$

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

CURRENT FUND

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

	<u>APPROPRIATIONS</u>		<u>EXPENDED</u>		<u>UNEXPENDED BALANCE CANCELED</u>
	<u>BUDGET</u>	<u>BUDGET AFTER MODIFICATION</u>	<u>PAID OR CHARGED</u>	<u>RESERVED</u>	
<u>CAPITAL IMPROVEMENT FUND</u>	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$	
<u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>					
Payment of Bond Principal	\$ 270,000.00	\$ 270,000.00	\$ 270,000.00	\$	
Payment of Bond Anticipation Notes and Capital Notes	212,200.00	212,200.00	212,194.00		6.00
Interest on Bonds	20,150.00	20,150.00	20,150.00		
Interest on Notes	206,910.00	206,910.00	206,905.83		4.17
Green Trust Loan Program:					
Loan Repayments for Principal and Interest	35,502.00	35,502.00	35,501.38		0.62
<u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u>	\$ 744,762.00	\$ 744,762.00	\$ 744,751.21	\$	10.79
<u>DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"</u>					
Deferred Charges:					
Special Emergency Authorizations - 5 Years	\$ 28,000.00	\$ 28,000.00	\$ 28,000.00	\$	
Special Emergency Authorizations - 5 Years	50,000.00	50,000.00	50,000.00		
Def. Charges to Future Taxation Unfunded	5,000.00	5,000.00	5,000.00		
	\$ 83,000.00	\$ 83,000.00	\$ 83,000.00	\$	
<u>TRANSFERRED TO BOARD OF EDUCATION FOR USE OF LOCAL SCHOOLS - EXCLUDED FROM "CAPS"</u>					
Transfer to Board of Education for Use of Local Schools	50,000.00	50,000.00	50,000.00		
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u>	\$ 2,056,180.69	\$ 2,122,526.64	\$ 2,108,229.41	\$ 14,286.44	\$ 10.79
<u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u>	\$ 9,864,241.69	\$ 9,930,587.64	\$ 9,314,773.74	\$ 615,803.11	\$ 10.79
<u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL</u>	\$ 10,264,241.69	\$ 10,330,587.64	\$ 9,714,773.74	\$ 615,803.11	\$ 10.79
<u>REF.</u>	A-2		A-1	A:A-1	
Appropriation by 40A:4-87	A-2	\$ 66,345.95			
Budget	A-3	10,264,241.69			
		\$ 10,330,587.64			
Reserve for Federal and State Programs Appropriated	A-20		\$ 119,366.64		
Reserve for Uncollected Taxes	A-2		400,000.00		
Accounts Payable	A-21		230,616.33		
Deferred Charges	A-25		78,000.00		
Disbursed	A-4		9,419,605.18		
			\$ 10,247,588.15		
Less: Refunds	A-4		532,814.41		
			\$ 9,714,773.74		

The accompanying Notes to the Financial Statements are an integral part of this statement.

TRUST FUND

BOROUGH OF GARWOODTRUST FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2023</u>	<u>BALANCE DECEMBER 31, 2022</u>
<u>ASSETS</u>			
Assessment Fund:			
Cash	B-2:B-3	\$ 5,307.62	\$ 4,703.04
		<u>\$ 5,307.62</u>	<u>\$ 4,703.04</u>
Animal Control Fund:			
Cash	B-2	\$ 1,262.27	\$ 781.27
		<u>\$ 1,262.27</u>	<u>\$ 781.27</u>
Other Funds:			
Cash	B-2	\$ 650,407.04	\$ 613,801.66
Petty Cash	B-14	250.00	250.00
Community Development Block Grant Receivable	B-4	17,250.00	15,750.00
		<u>\$ 667,907.04</u>	<u>\$ 629,801.66</u>
		<u>\$ 674,476.93</u>	<u>\$ 635,285.97</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Assessment Fund:			
Fund Balance	B-1	\$ 5,307.62	\$ 4,703.04
		<u>\$ 5,307.62</u>	<u>\$ 4,703.04</u>
Animal Control Fund:			
Reserve for Expenditures	B-5	\$ 1,262.27	\$ 781.27
		<u>\$ 1,262.27</u>	<u>\$ 781.27</u>
Other Funds:			
Due Current Fund	B-12	\$ 7,582.56	\$ 6,358.81
Reserve For:			
Community Development Block Grant	B-7	9,667.44	9,391.19
State Unemployment Insurance	B-8	77,569.28	78,808.43
Miscellaneous Deposits	B-9	439,419.79	481,856.17
Due State of New Jersey - Registrar Fees	B-10	275.00	150.00
Payroll Deductions Payable	B-11	9,146.67	4,866.76
COAH	B-15	122,703.75	46,827.75
Flexible Spending	B-13	1,542.55	1,542.55
		<u>\$ 667,907.04</u>	<u>\$ 629,801.66</u>
		<u>\$ 674,476.93</u>	<u>\$ 635,285.97</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

"B-1"

BOROUGH OF GARWOOD

TRUST FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND

	<u>REF.</u>	
Balance, December 31, 2022	B	\$ 4,703.04
Increased by:		
Collections	B-2	<u>604.58</u>
Balance, December 31, 2023	B	\$ <u>5,307.62</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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GENERAL CAPITAL FUND

BOROUGH OF GARWOODGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2023</u>	<u>BALANCE</u> <u>DECEMBER</u> <u>31, 2022</u>
<u>ASSETS</u>			
Cash	C-2:C-3	\$ 1,318,697.14	\$ 1,381,229.06
State Aid Receivable	C-10	478,736.70	396,236.70
County Grants Receivable	C-11	17,500.00	52,500.00
Federal Congressional Grants Receivable	C-15	250,000.00	
Deferred Charges to Future Taxation:			
Funded	C-4	1,140,724.45	1,439,104.93
Unfunded	C-5	<u>5,848,051.08</u>	<u>5,376,645.08</u>
		<u>\$ 9,053,709.37</u>	<u>\$ 8,645,715.77</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
General Serial Bonds	C-8	\$ 806,000.00	\$ 1,076,000.00
Bond Anticipation Notes	C-9	5,620,000.00	5,310,000.00
Green Acres Loan Payable	C-12	334,724.45	363,104.93
Improvement Authorizations:			
Funded	C-7	7,672.19	7,672.19
Unfunded	C-7	659,430.00	732,000.46
Reserve for County of Union Grants	C-13	50,000.00	50,000.00
Contracts Payable	C-14	1,418,061.68	922,836.54
Capital Improvement Fund	C-6	70,299.28	76,699.28
Fund Balance	C-1	<u>87,521.77</u>	<u>107,402.37</u>
		<u>\$ 9,053,709.37</u>	<u>\$ 8,645,715.77</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>REF.</u>	
Balance, December 31, 2022	C	\$ 107,402.37
Increased by:		
Premium on Bond Anticipation Notes Issued	C-2	<u>30,119.40</u>
		\$ <u>137,521.77</u>
Decreased by:		
Anticipated in Current Fund Budget	C-2	<u>50,000.00</u>
Balance, December 31, 2023	C	\$ <u><u>87,521.77</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

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PUBLIC ASSISTANCE TRUST FUND

"E"

BOROUGH OF GARWOOD

PUBLIC ASSISTANCE TRUST FUND

BALANCE SHEETS - REGULATORY BASIS

	<u>REF.</u>	<u>BALANCE DECEMBER 31, 2023</u>	<u>BALANCE DECEMBER 31, 2022</u>
<u>ASSETS</u>			
Cash - Public Assistance Trust Fund I	E-1	\$ <u>1,372.80</u>	\$ <u>1,372.80</u>
<u>LIABILITIES AND RESERVES</u>			
Reserve for Public Assistance: Public Assistance Trust Fund I		\$ <u>1,372.80</u>	\$ <u>1,372.80</u>
	E-1	\$ <u>1,372.80</u>	\$ <u>1,372.80</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF GARWOOD
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

	BALANCE DECEMBER <u>31, 2023</u>	BALANCE DECEMBER <u>31, 2022</u>
General Fixed Assets:		
Land and Land Improvements	\$ 6,349,900.00	\$ 6,349,900.00
Buildings	3,013,392.00	3,013,392.00
Vehicles	4,216,263.72	4,095,952.12
Machinery and Equipment	<u>1,886,985.87</u>	<u>1,878,561.82</u>
<u>Total General Fixed Assets</u>	<u>\$ 15,466,541.59</u>	<u>\$ 15,337,805.94</u>
Investments in General Fixed Assets	<u>\$ 15,466,541.59</u>	<u>\$ 15,337,805.94</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF GARWOOD

NOTES TO FINANCIAL STATEMENTS
FISCAL YEAR ENDED DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Garwood is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Except as noted below, the financial statements of the Borough of Garwood include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Garwood, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough of Garwood do not include the operations of the local Board of Education, in as much as their activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Under this method of accounting, the financial transactions and accounts of the Borough of Garwood are organized on the basis of funds and an account group which is different from the fund structure required by U.S. GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account group:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

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

Public Assistance Fund - receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

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

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - Foreclosed property 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 in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

General Fixed Assets - Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$2,000.00 or more per unit. Public domain ("Infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. The Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by the Borough.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost for land acquired before 1986 is the assessed value determined at the last revaluation prior to December 31, 1985.

General fixed assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

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

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

Inventories of Supplies - 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 the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions

Accounting and Financial Reporting for Pensions – Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pensions & Benefits' reporting on GASB 68. As of the date of this report the information for the period ended June 30, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Continued)

It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

The New Jersey Division of Local Government Services issued Local Finance Notice 2021-10 which allows local units to disclose the most recently available information as it relates to the New Jersey Division of Pensions & Benefits' reporting on GASB 75. As of the date of this report the information for the period ended June 30, 2023 was not available, therefore the information dated June 30, 2022 is disclosed.

Leases

Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. The Borough may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the lease receivable as an asset on their balances sheets or the Statement of Revenues. However, N.J.A.C. 5:30 6.1 (c) (2) requires municipalities to disclose GASB 87 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 87.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers change funds, cash in banks, deposits in the New Jersey Cash Management Fund and Certificates of Deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00

The Borough of Garwood had the following cash and cash equivalents at December 31, 2023:

Fund Type	Bank	Reconciling Items		Petty Cash/	Reconciled
	Balance	Additions	Deletions	Change Funds	Balance
Current Fund	\$2,609,811.66	\$5,252.02	\$70,941.25		\$2,544,122.43
Animal Control Trust Fund	1,262.27				1,262.27
Assessment Trust Fund	5,307.62				5,307.62
Other Trust Fund	675,993.55		25,586.51		650,407.04
General Capital Fund	1,341,647.44		22,950.30		1,318,697.14
Public Assistance Fund	1,375.13		2.33		1,372.80
Petty Cash/Change Funds				\$500.00	500.00
	<u>\$4,635,397.67</u>	<u>\$5,252.02</u>	<u>\$119,480.39</u>	<u>\$500.00</u>	<u>\$4,521,669.30</u>

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$301,181.37 was covered by Federal Depository Insurance, \$4,312,592.09 was covered under the provisions of NJGUDPA and \$21,624.21 was on deposit with the New Jersey Cash Management Fund which is considered an investment pool and is not insured by FDIC or GUDPA.

B. Investments

The purchase of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. 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); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 c.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of December 31, 2023, the Borough has \$21,624.21 on deposit with the New Jersey Cash Management Fund. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the New Jersey Cash Management Fund, the Borough is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT OPERATING DEBT AND TYPE II SCHOOL DEBT)

	<u>YEAR 2023</u>	<u>YEAR 2022</u>	<u>YEAR 2021</u>
Issued:			
General:			
Bonds and Notes	\$ 6,426,000.00	\$ 6,386,000.00	\$ 6,034,000.00
Green Trust Loans	334,724.45	363,104.93	390,926.20
	<u>6,760,724.45</u>	<u>6,749,104.93</u>	<u>6,424,926.20</u>
Less: Funds Temporarily Held to Pay			
Bond and Notes - General Debt	-0-	-0-	(23,712.03)
Net Debt Issued	<u>\$ 6,760,724.45</u>	<u>\$ 6,749,104.93</u>	<u>\$ 6,401,214.17</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	\$ 228,051.08	\$ 66,645.08	\$ 71,224.08
Net Bonds and Notes Issued and and Authorized But Not Issued	<u>\$ 6,988,775.53</u>	<u>\$ 6,815,750.01</u>	<u>\$ 6,472,438.25</u>

SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2023)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .822%.

	<u>GROSS DEBT</u>	<u>DEDUCTIONS</u>	<u>NET DEBT</u>
Local School District Debt	\$ 3,805,000.00	\$ 3,805,000.00	\$ -0-
General Debt	<u>6,988,775.53</u>	<u>-0-</u>	<u>6,988,775.53</u>
	<u>\$ 10,793,775.53</u>	<u>\$ 3,805,000.00</u>	<u>\$ 6,988,775.53</u>

NET DEBT \$6,988,775.53 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$850,155,850.33 EQUALS .822%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S. 40A:2-6 AS AMENDED

Equalized Valuation Basis* - December 31, 2023	\$850,155,850.33
3-1/2 of Equalized Valuation Basis	29,755,454.76
Net Debt	<u>6,988,775.53</u>
Remaining Borrowing Power	<u><u>\$22,766,679.23</u></u>

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II Railroad Property of the Borough of Garwood for the last three (3) preceding years.

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2023

CALENDAR YEAR	GENERAL CAPITAL		TOTAL
	PRINCIPAL	INTEREST	
2024	\$ 270,000.00	\$ 14,750.00	\$ 284,750.00
2025	270,000.00	9,350.00	279,350.00
2026	<u>266,000.00</u>	<u>3,325.00</u>	<u>269,325.00</u>
	<u>\$ 806,000.00</u>	<u>\$ 27,425.00</u>	<u>\$ 833,425.00</u>

The General Improvement Bonds are comprised of the following issue:

<u>GENERAL SERIAL BONDS</u>	OUTSTANDING BALANCE DECEMBER 31, 2023
ISSUE	
\$2,741,000.00 in 2015 General Improvement Bonds, due in remaining installments ranging between \$260,000.00 and \$270,000.00 through December 2026 at interest rates between 2.00% and 2.50%.	<u>\$806,000.00</u>

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BOND ANTICIPATION NOTE

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
General Capital	4.500%	08/03/23 to 08/02/24	<u>\$5,620,000.00</u>

NOTE PAYABLE

	<u>Interest Rate</u>	<u>Issue and Maturity Dates</u>	<u>Amount</u>
Emergency Note	4.500%	08/03/23 to 08/02/24	<u>\$150,000.00</u>

GREEN TRUST LOAN

CALENDAR

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2024	\$ 28,950.92	\$ 6,550.45	\$ 35,501.38
2025	29,532.83	5,968.55	35,501.37
2026	30,126.45	5,374.93	35,501.38
2027	30,731.99	4,769.39	35,501.38
2028	31,349.71	4,151.67	35,501.38
2029-2033	166,457.59	11,049.31	177,506.90
2034	17,574.96	175.72	17,750.68
	<u>\$ 334,724.45</u>	<u>\$ 38,040.02</u>	<u>\$ 372,764.47</u>

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2023 which was appropriated and included as anticipated revenue in its own fund for the year ending December 31, 2024 was as follows:

Current Fund	\$900,000.00
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NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the county and the local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

	BALANCE DECEMBER 31, <u>2023</u>	BALANCE DECEMBER 31, <u>2022</u>
Prepaid Taxes	\$ <u>86,877.08</u>	\$ <u>82,605.84</u>

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. The PERS is a cost-sharing multiple employer plan. Membership is mandatory for substantially, all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

NOTE 6: PENSION PLANS (CONTINUED)

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A. to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP. Employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

NOTE 6: PENSION PLANS (CONTINUED)

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2023, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2023, the State contributed an amount less than the actuarially determined amount. During 2023, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$867,573.29 for 2023, \$727,730.00 for 2022 and \$693,026.54 for 2021.

Certain Borough employees are also covered by the Federal Insurance Contribution Act.

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68 "Accounting and Financial Reporting for Public Employees Pensions" which requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) of the participating municipality as of December 31, 2023. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year's budget and no liability is accrued at December 31, 2023.

NOTE 6: PENSION PLANS (CONTINUED)

Public Employees Retirement System (PERS)

As discussed in Note 1, as of the date of this report the information for the period ended June 30, 2023, for PERS was not available, therefore the information dated June 30, 2022 is disclosed.

At June 30, 2022, the State reported a net pension liability of \$2,880,369.00 for the Borough's proportionate share of the total net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Borough's proportion was 0.0190861883 percent, which was an increase of 0.0041436919 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension benefit of \$171,696.00 for the Borough's proportionate share of the total pension expense. The pension expense recognized in the Borough's financial statements based on the April 1, 2022 billing was \$174,994.00.

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 20,789.00	\$ 18,333.00
Changes of assumptions	8,924.00	431,305.00
Net difference between projected and actual earnings on pension plan investments	119,216.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>854,815.00</u>	<u>241,140.00</u>
	<u>\$ 1,003,744.00</u>	<u>\$ 690,778.00</u>

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	(\$124,340.00)
2024	(3,141.00)
2025	61,347.00
2026	256,659.00
2027	122,441.00
	<u>\$312,966.00</u>

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	
Through 2026	2.75-6.55%
	Based on
	Years of Service
Investment Rate of Return	7.00%

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2022 asset are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

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

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2022 respectively, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the pension liability	\$3,700,430.00	\$2,880,369.00	\$2,182,463.00

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Borough 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. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Borough as of December 31, 2022 was 0.0191624406%, The non-employer contributing entities' contribution and employer pension expense and related revenue for the year ended June 30, 2022 was \$6,060.00.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Police and Firemen's Retirement System (PFRS)

At June 30, 2022, the State reported a net pension liability of \$5,255,946.00 for the Borough's proportionate share of the total PFRS net pension liability. The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2022, the Borough's proportion was 0.0459180700 percent, which was an increase of 0.0010453100 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State recognized an actuarially determined pension expense of \$44,07.00. The pension expense recognized in the Borough's financial statements based on the April 1, 2022, billing was \$522,976.00.

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 237,898.00	\$ 321,998.00
Changes of assumptions	14,404.00	661,620.00
Net difference between projected and actual earnings on pension plan investments	481,290.00	
Changes in proportion and differences between Borough contributions and proportionate share of contributions	<u>241,454.00</u>	<u>110,894.00</u>
	<u>\$ 975,046.00</u>	<u>\$ 1,094,512.00</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended		<u>Amount</u>
<u>June 30</u>		
2023	\$	(236,769.00)
2024		(141,885.00)
2025		(133,924.00)
2026		360,403.00
2027		29,332.00
Thereafter		<u>3,377.00</u>
		<u>\$ (119,466.00)</u>

Actuarial Assumptions

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

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases	3.25-16.25%
	Based on years of Service
Investment Rate of Return	7.00%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Actuarial Assumptions (Continued)

Employee mortality rates were based on the Pubs-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the Pubs-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on scale MP-2021.

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

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Assets Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasury's	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of both June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

	June 30, 2022		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
Borough's proportionate share of the PFRS pension liability	\$7,211,725.00	\$5,255,946.00	\$3,627,750.00

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

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

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough 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 non-employer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Borough as of December 31, 2022 and 2021 is 0.0459179600% and 0.0448725200% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2022 and 2021 was \$116,453.00 and \$80,132.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2022 and 2021 was \$107,921.00 and \$102,734.00, respectively.

At June 30, 2022 and 2021, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$935,404.00 and \$922,448.00, respectively.

At June 30, 2022, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$5,255,946.00
State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough	<u>935,404.00</u>
	<u>\$6,191,350.00</u>

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off or paid at a later date. Upon retirement, Department of Public Works, and Non-Contractual, employees are entitled to receive compensation of the lesser of 50% of unused sick pay or \$18,000.00. Police Department, and Administrative, employees are entitled to receive compensation up to 50% of unused sick pay. Unused sick pay is forfeited if the employee leaves for other than retirement. Vacation days cannot be accumulated. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Borough to be approximately \$286,238.00. The Borough annually appropriates the amounts that are required to be paid in that year's budget and \$41,137.62 is accrued at December 31, 2023 in the Trust Fund.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2023, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 10: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

<u>Calendar Year</u>	<u>Borough/Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023	\$ 30,718.26	\$ 1,844.61	\$ 33,802.02	\$ 77,569.28
2022	5,815.60	202.93	9,897.18	78,808.43
2021	35,170.61	3.60	15,426.59	82,687.08

NOTE 11: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Lincoln National Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities. The Borough's Deferred Compensation Plan financial statements are contained in a separate review report.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2023:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$ 7,582.56	
Trust Other Fund		\$ 7,582.56
	<u>\$ 7,582.56</u>	<u>\$ 7,582.56</u>

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

The Borough of Garwood adopted an ordinance establishing a Length of Service Awards Program for the members of the Garwood Fire Department and the Garwood First Aid Squad pursuant to N.J.S.A. 40A: 14-183 et seq.

Under this program, each volunteer of the Garwood Fire Department that performs the minimum amount of service will have an annual amount of \$1,674.00 deposited into a tax deferred income account that will earn interest for the volunteer. Each volunteer of the Garwood First Aid Squad that performs the minimum amount of service will have an amount of either \$837.00 or \$1,674.00 deposited into a tax deferred income account for the volunteer. The Borough's costs amounted to \$47,800.00 during 2023.

The accompanying financial statements do not include the Borough's Length of Service Awards Program activities. The Borough's Length of Service Awards Program's financial statements are presented in a separate review report, as required by state regulations.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, the following deferred charges are shown on the balance sheets of the various funds:

	BALANCE DECEMBER 31, <u>2023</u>	2024 BUDGET <u>APPROPRIATION</u>	BALANCE TO SUCCEEDING <u>YEARS</u>
Current Fund:			
Special Emergency			
(40A:4-55) Tropical Storm IDA	\$ <u>150,000.00</u>	\$ <u>50,000.00</u>	\$ <u>100,000.00</u>
	\$ <u>150,000.00</u>	\$ <u>50,000.00</u>	\$ <u>100,000.00</u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the Borough is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

The Plan provides medical and prescription drug coverage 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) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

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

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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

Contributions

The Borough's contributions to SHBP for the years ended December 31, 2022, 2021 and 2020 were \$330,681.83, \$288,832.90, and \$271,398.62, respectively, which equaled the required contributions for each year.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability

At June 30, 2022, the Plan reported a Liability of \$3,343,774.00 for the Borough’s proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The Borough’s proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan’s nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022.

At June 30, 2022, the Borough’s proportion was 0.020705 percent, which was a decrease of 0.044078 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State reported OPEB benefit of \$678,663.00. This OPEB benefit was based on the OPEB plans June 30, 2022 measurement date.

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$172,676.00	\$619,794.00
Changes of assumptions	446,240.00	1,141,166.00
Net difference between projected and actual earnings on OPEB plan investments	880.00	
Changes in proportion	<u>3,586,986.00</u>	<u>8,945,152.00</u>
	<u>\$4,206,782.00</u>	<u>\$10,706,112.00</u>

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the Borough’s proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State’s actuarially calculated OPEB (benefit)/expense as follows:

Year Ended	Amount
<u>June 30,</u>	
2023	(\$1,374,626.20)
2024	(1,374,893.20)
2025	(1,311,113.20)
2026	(1,178,586.20)
2027	(1,095,612.20)
2028-2029	<u>(164,499.00)</u>
	<u><u>(\$6,499,330.00)</u></u>

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases:

Public Employees Retirement System (PERS):

Initial fiscal year applied
 Rate for all future years 2.75% to 6.55%

Police and Firemen’s Retirement System (PFRS):

Rate for all future years 3.25% to 16.25%

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality

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

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

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

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Borough as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1-percentage point higher than the current rate:

	<u>June 30, 2022</u>		
	<u>1.00%</u>	<u>At Discount</u>	<u>1.00%</u>
	<u>Decrease (2.54%)</u>	<u>Rate (3.54%)</u>	<u>Increase (4.54%)</u>
Borough's proportionate share of the Net OPEB Liability	\$3,876,106.90	\$3,343,773.74	\$2,915,461.91

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Borough’s Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the Borough as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1- percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2022		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
Borough's proportionate share of the Net OPEB Liability	\$2,836,623.94	\$3,343,773.74	\$3,993,289.84

Special Funding Situation

The Borough, by resolution of the governing body, has elected to provide postretirement medical coverage to certain employees under the provisions of Chapter 330, P.L. 1997.

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No 75 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net Net OPEB Liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation.

At June 30, 2022 the State's proportionate share of the net OPEB liability attributable to the Borough for the special funding situation is \$3,283,526.00.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Special Funding Situation (Continued)

At June 30, 2022, the Borough's and State of New Jersey's proportionate share of the Net OPEB Liability were as follows:

Borough's proportionate share of the Net OPEB Liability	\$3,343,774.00
State of New Jersey's proportionate share of Net OPEB Liability associated with the Borough	<u>3,283,526.00</u>
	<u>\$6,627,300.00</u>

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

NOTE 16: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey and the Union County Board of Taxation requesting a reduction of assessments. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement, which may be funded from current tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S. 40A:2-51. The Borough has a reserve in the Current Fund for Tax Appeals of \$151,308.68.

NOTE 17: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2023:

	Balance December 31, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2023</u>
Land	\$ 6,349,900.00			\$ 6,349,900.00
Buildings	3,013,392.00			3,013,392.00
Vehicles	4,095,952.12	\$ 135,311.60	\$ 15,000.00	4,216,263.72
Machinery and Equipment	<u>1,878,561.82</u>	<u>8,424.05</u>	<u> </u>	<u>1,886,985.87</u>
	<u>\$ 15,337,805.94</u>	<u>\$ 143,735.65</u>	<u>\$ 15,000.00</u>	<u>\$ 15,466,541.59</u>

NOTE 18: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through May 3, 2024 which is the date the financial statements were available to be issued.

Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

BOROUGH OF GARWOOD
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2023

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF CASH-TREASURER

	<u>REF.</u>		
Balance, December 31, 2022	A		\$ 2,436,113.39
Increased by Receipts:			
Collector	A-5	\$ 20,322,731.61	
Senior Citizens and Veterans Deductions - State of New Jersey	A-6	19,208.90	
Miscellaneous Revenue Not Anticipated	A-2	266,189.22	
Revenue Accounts Receivable	A-10	1,732,093.84	
Library State Aid	A-14	2,452.00	
Reserve for Grants - Unappropriated	A-29	1,523.81	
State Aid Receivable	A-23	44,822.41	
Interfunds	A-13	15,750.00	
Municipal Relief Funds	A-31	51,129.16	
Appropriation Refunds	A-3	<u>532,814.41</u>	
			\$ <u>22,988,715.36</u>
			\$ 25,424,828.75
Decreased by Disbursements:			
2023 Appropriations	A-3	\$ 9,419,605.18	
2022 Appropriation Reserves	A-11	214,563.83	
Interfunds	A-13	16,973.75	
County Taxes	A-18	3,565,535.08	
Local District School Taxes	A-19	9,461,167.00	
Reserve for Tax Overpayments	A-17	47,817.07	
Emergency Note Payable	A-26	78,000.00	
Reserve for Library State Aid	A-14	783.22	
Refund of Sewer Charges	A-2	4,890.33	
Refund of Other Licenses	A-2	75.00	
Reserve for Grants - Appropriated	A-20	<u>71,295.86</u>	
			<u>22,880,706.32</u>
Balance, December 31, 2023	A		\$ <u><u>2,544,122.43</u></u>

"A-5"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF CASH-COLLECTOR

	<u>REF.</u>	
Increased by Receipts:		
Taxes Receivable	A-7	\$ 20,147,448.65
Miscellaneous Revenue Not Anticipated	A-6	791.10
Revenue Accounts Receivable	A-2:A-10	39,797.71
Prepaid Taxes	A-16	86,877.08
Tax Overpayments	A-17	<u>47,817.07</u>
		\$ <u>20,322,731.61</u>
Decreased by Disbursements:		
Payment to Treasurer	A-4	\$ <u><u>20,322,731.61</u></u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

	<u>REF.</u>		
Balance, December 31, 2022 (Due To)	A		\$ 750.00
Increased by:			
Senior Citizens and Veterans per Tax Duplicate		\$ 20,750.00	
Senior Citizens Deduction Allowed by Collector		<u>250.00</u>	
			<u>21,000.00</u>
			20,250.00
Decreased by:			
Senior Citizens Deductions Disallowed by State of New Jersey-Prior Year Collector:			
Current Year		\$ 250.00	
Prior Year	A-5	791.10	
Received from the State of New Jersey-Treasurer	A-4	<u>19,208.90</u>	
			<u>\$ 20,250.00</u>

CALCULATION OF STATE'S SHARE OF
2023 SENIOR CITIZENS AND VETERANS DEDUCTIONS

Senior Citizens and Veterans:			
Per Tax Duplicate		\$ 20,750.00	
Allowed by Collector		<u>250.00</u>	
			<u>21,000.00</u>
Less: Senior Citizens Deductions Disallowed by Collector			<u>250.00</u>
	A-7		<u>\$ 20,750.00</u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2022</u>	<u>LEVY 2023 TAXES</u>	<u>COLLECTIONS</u>	<u>CANCELED</u>	<u>TRANSFERRED TO TAX TITLE LIENS</u>	<u>BALANCE DECEMBER 31, 2023</u>
			<u>2022</u>	<u>2023</u>		
2022	\$ 147,303.49	\$	\$ 82,605.84	\$ 147,303.49	\$ 970.73	\$ 184,156.89
2023		20,288,639.87		20,020,895.16		
				11.25		
	\$ 147,303.49	\$ 20,288,639.87	\$ 82,605.84	\$ 20,168,198.65	\$ 970.73	\$ 184,156.89
	A		A-2; A-16	A-2	A-8	A

Cash
Senior Citizens Deductions

<u>REF.</u>	
A-5	\$ 20,147,448.65
A-6	20,750.00
	<u>\$ 20,168,198.65</u>

ANALYSIS OF 2023 PROPERTY TAX LEVY

TAX YIELD
General Purpose Tax
Added Taxes

\$	20,261,584.03
	<u>27,055.84</u>
\$	<u>20,288,639.87</u>

TAX LEVY

Local District School Tax (Abstract)
County Tax (Abstract)
County Open Space Tax
Due County for Added Taxes (54:4-63.1 et seq.)

A-19	\$	3,433,239.57
A-18		130,416.34
A-18		<u>3,898.38</u>
A-18		3,567,554.29

Total County Taxes

Local Tax for Municipal Purposes (Abstract)
Minimum Library tax
Add: Additional Tax Levied

\$	6,950,215.76
	285,823.24
	<u>23,879.58</u>
	<u>7,259,918.58</u>

Local Tax for Municipal Purposes Levied

\$	<u>20,288,639.87</u>
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"A-8"

BOROUGH OF GARWOOD
CURRENT FUND
SCHEDULE OF TAX TITLE LIENS

	<u>REF.</u>	
Balance, December 31, 2022	A	\$ 35,079.77
Increased by:		
Transfer From Taxes Receivable	A-7	<u>970.73</u>
Balance, December 31, 2023	A	\$ <u>36,050.50</u>

"A-9"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

Balance, December 31, 2023 and Balance, December 31, 2022	A	\$ <u>17,974.00</u>
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BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

REF.	BALANCE DECEMBER 31, 2022	ACCRUED IN 2023	COLLECTED BY		BALANCE DECEMBER 31, 2023
			COLLECTOR	TREASURER	
Clerk:					
Licenses:					
Alcoholic Beverage	\$	22,281.00	\$		\$ 22,281.00
Other		7,126.00			7,126.00
Fees and Permits		48,483.15			48,483.15
Board of Health:					
Licenses		13,777.50			13,777.50
Registrar of Vital Statistics:					
Fees and Permits		1,905.00			1,905.00
Licenses		72.00			72.00
Municipal Court:					
Fines and Costs	2,918.84	62,419.04			6,010.46
Police Department:					
Fees and Permits		5,878.00			5,878.00
Fire Department:					
Fees and Permits		21,294.00			21,294.00
Interest and Costs on Taxes		39,797.71	39,797.71		
Energy Receipts Tax		493,574.34			493,574.34
Reimbursement of Library Costs		67,000.00			67,000.00
Uniform Fire Safety Act		13,854.75			13,854.75
Cable TV Franchise Tax		19,925.10			19,925.10
Cable TV Franchise Tax-Verizon		40,095.14			40,095.14
Sewer Flow Charges - Industrial Users		84,983.55			84,983.55
Summer Recreation Fees		20,430.00			20,430.00
PILOT - Garwood Village		48,587.75			48,587.75
Bulk Pick Up Fee		11,880.00			11,880.00
Capital Surplus		50,000.00			50,000.00
Landlord Registration Fees		163,800.00			163,800.00
Township of Cranford - Shared Service Fee		74,423.70			74,423.70
PILOT - Vermella		463,395.44			463,395.44
	\$	1,774,983.17	\$	39,797.71	\$ 1,732,093.84
	2,918.84				6,010.46
REF.	A		A-5	A-4	A

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF 2022 APPROPRIATION RESERVES

	BALANCE DECEMBER <u>31, 2022</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
<u>SALARIES AND WAGES</u>				
Administrative and Executive	\$ 11,254.30	\$ 11,254.30	\$ 175.00	\$ 11,079.30
Mayor and Council	7.00	7.00		7.00
Municipal Clerk	150.21	150.21	150.21	
Financial Administration (Treasury Department)	212.69	212.69		212.69
Assessment of Taxes	0.02	0.02		0.02
Collection of Taxes	3,418.72	3,418.72	3,031.89	386.83
Municipal Court	3,794.88	3,794.88	560.00	3,234.88
Fire Official	135.00	135.00		135.00
Uniform Fire Safety Act	302.40	302.40		302.40
Police	20,419.74	40,419.74	40,027.37	392.37
Road Repairs and Maintenance	77,639.50	76,139.50	29,672.16	46,467.34
Recreation Commission	1,391.67	1,391.67		1,391.67
<u>OTHER EXPENSES</u>				
Administrative and Executive	4,560.09	4,594.57	2,184.09	2,410.48
Mayor and Council	10.78	425.60	414.82	10.78
Municipal Clerk	155.63	8,440.63	8,438.67	1.96
Financial Administration (Treasury Department)	2,226.00	2,426.00	2,342.41	83.59
Engineering Services and Costs	43.46	43.46		43.46
Election	137.61	137.61		137.61
Assessment of Taxes	10,054.40	10,054.40	18.36	10,036.04
Collection of Taxes	767.79	567.79		567.79
Legal Services and Costs - Miscellaneous and Litigation	11,605.10	16,021.65	8,442.80	7,578.85
Municipal Court	1,232.62	1,470.02	(365.90)	1,835.92
Public Buildings and Grounds	613.90	14,132.69	8,932.72	5,199.97
Planning Board	15,042.05	15,042.05	31.11	15,010.94
Emergency Management Services	2,200.00	200.00		200.00
Municipal Prosecutor		1,000.00	1,000.00	
Public Defender	1,145.00	1,145.00		1,145.00
Fire Hydrant Service	9,766.64	15,317.64	15,317.64	
Fire Miscellaneous	5,691.67	29,330.56	23,721.92	5,608.64
Uniform Fire Safety Act	6,269.87	7,562.46	167.59	7,394.87
Police	3,845.38	22,384.60	18,000.16	4,384.44
Road Repairs and Maintenance	1,754.41	3,750.73	2,216.22	1,534.51
Snow Removal	345.12	4,192.12	4,192.12	
Shade Tree Commission	76.00	2,652.00	2,576.00	76.00
Computer & Data Processing	872.82	3,322.02	3,322.02	

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF 2022 APPROPRIATION RESERVES

	BALANCE DECEMBER 31, 2022	BALANCE AFTER TRANSFER	PAID OR CHARGED	BALANCE LAPSED
Street Lighting	\$ 1,767.06	\$ 1,767.06	\$ 925.95	\$ 841.11
Sanitary Landfill Dumping Fees	14,796.98	15,028.94	9,116.49	5,912.45
Board of Health	552.05	552.05		552.05
Recreation Commission	961.37	961.37		961.37
Senior Citizen Recreation	2,813.18	2,813.18	840.00	1,973.18
Historical Committee	444.85	444.85		444.85
Celebration of Public Events, Anniversary or Holiday	56.41	286.41	286.41	
Retirement and Accumulated Leave Compensation	10,000.00	10,000.00	10,000.00	
Telephone	2,864.01	3,270.17	1,050.49	2,219.68
Other Utilities	5,581.69	5,903.29	321.60	5,581.69
Gas and Oil	2,500.55	5,489.95	4,247.25	1,242.70
Social Security System	8,951.68	8,951.68	1,906.97	7,044.71
DCRP	406.56	406.56		406.56
LOSAP	55.00	55.00		55.00
Group Insurance Plan for Employees	51,729.76	31,729.76		31,729.76
Sanitation	4,450.00	4,450.00		4,450.00
Tax Appeals	15,000.00	15,000.00	15,000.00	
Maintenance of Free Public Library	15,227.12	22,596.74	22,596.74	
	<u>\$ 335,300.74</u>	<u>\$ 431,146.74</u>	<u>\$ 240,861.28</u>	<u>\$ 190,285.46</u>

	REF.	A	A-1
Appropriation Reserves	A-11	\$ 335,300.74	
Transferred from Accounts Payable	A-21	<u>95,846.00</u>	
		<u>\$ 431,146.74</u>	
Disbursements	A-4		\$ 214,563.83
Transferred to Reserve for Tax Appeals	A-15		15,000.00
Transferred to Library Reserve	A-27		<u>11,297.45</u>
			<u>\$ 240,861.28</u>

"A-12"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2023
and December 31, 2022

A

\$ 250.00

Clerk of Municipal Court
Collector

\$ 150.00
100.00

\$ 250.00

"A-13"

BOROUGH OF GARWOOD
CURRENT FUND
SCHEDULE OF INTERFUNDS

	<u>REF.</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2022 Due From	A	\$ <u>6,358.81</u>
Receipts	A-4	\$ 15,750.00
Disbursements	A-4	<u>16,973.75</u>
Balance, December 31, 2023 Due From	A	\$ <u><u>7,582.56</u></u>

"A-14"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR LIBRARY -
STATE AID

	<u>REF.</u>	
Balance, December 31, 2022	A	\$ 17,318.10
Increased by:		
Receipts	A-4	<u>2,452.00</u>
		\$ 19,770.10
Decreased by:		
Disbursements	A-4	<u>783.22</u>
Balance, December 31, 2023	A	<u>\$ 18,986.88</u>

"A-15"

SCHEDULE OF RESERVE FOR TAX APPEALS

Balance, December 31, 2022	A	\$ 136,308.68
Increased by:		
Transferred from Appropriation Reserves	A-11	<u>15,000.00</u>
Balance, December 31, 2023	A	<u>\$ 151,308.68</u>

"A-16"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF PREPAID TAXES

	<u>REF.</u>	
Balance, December 31, 2022	A	\$ 82,605.84
Increased by:		
Collection of 2024 Taxes	A-5	<u>86,877.08</u>
		\$ 169,482.92
Decreased by:		
Applied to 2023 Taxes	A-7	<u>82,605.84</u>
Balance, December 31, 2023	A	\$ <u><u>86,877.08</u></u>

"A-17"

SCHEDULE OF TAX OVERPAYMENTS

Increased by:		
Overpayments in 2023	A-5	\$ <u>47,817.07</u>
Decreased by:		
Refunds	A-4	\$ <u><u>47,817.07</u></u>

"A-18"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

	<u>REF.</u>		
Balance, December 31, 2022	A		\$ 1,879.17
Increased by:			
2023 Tax Levy	A-1:A-7	\$ 3,563,655.91	
Added Taxes (R.S.54:4-63.1 et seq.)	A-1:A-7	<u>3,898.38</u>	
			\$ 3,567,554.29
Decreased by:			
Payments	A-4		<u>3,565,535.08</u>
Balance, December 31, 2023	A		\$ <u><u>3,898.38</u></u>

"A-19"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

Balance, December 31, 2022	A		\$ 0.63
Increased by:			
Levy	A-1:A-7		<u>9,461,167.00</u>
			\$ 9,461,167.63
Decreased by:			
Payments	A-4		<u>9,461,167.00</u>
Balance, December 31, 2023	A		\$ <u><u>0.63</u></u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF RESERVE GRANTS-APPROPRIATED

	<u>REF.</u>		
Balance, December 31, 2022	A	\$	113,416.67
Increased by:			
Transferred From 2023 Budget Appropriations	A-3	\$	119,366.64
Transferred From Accounts Payable	A-22		<u>27,779.29</u>
			147,145.93
		\$	<u>260,562.60</u>
Decreased by:			
Disbursements	A-4	\$	71,295.86
Accounts Payable	A-22		<u>11,344.00</u>
			<u>82,639.86</u>
Balance, December 31, 2023	A	\$	<u><u>177,922.74</u></u>

ANALYSIS OF BALANCE AS OF DECEMBER 31, 2023

<u>PROGRAM</u>	<u>AMOUNT</u>
Municipal Alliance Program	\$ 3,726.46
Body Armor Replacement Fund	1,359.48
Drunk Driving Enforcement Fund	9,051.28
Clean Communities Program	9,546.08
Union County Senior Focus	24,600.20
Recycling Tonnage Grant	25,714.74
Body Worn Camera Grant	25,572.00
Federal Bulletproof Vest Program	2,871.40
Library Grant	2,769.00
Alcohol Education Rehabilitation Fund	62.69
Drive Sober or Get Pulled Over	50.00
Sustainable NJ	65.27
NJ American Water - Firefighter EMS Grant	1,000.00
DMHAS Youth Leadership Grant	3,402.00
NJDEP Stormwater Assistance Grant	15,000.00
NJ American Water Environmental Grant	45.84
NJTPA Complete Streets	10,000.00
Union County Kids Recreation Grant	35,000.00
Union County Infrastructure Grant	<u>8,086.30</u>
	\$ <u><u>177,922.74</u></u>

"A-21"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF ACCOUNTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2022	A	\$ 95,846.00
Increased by:		
2023 Appropriations	A-3	<u>230,616.33</u>
		\$ 326,462.33
Decreased by:		
Transferred to 2022 Appropriation Reserves	A-11	<u>95,846.00</u>
Balance, December 31, 2023	A	<u>\$ 230,616.33</u>

"A-22"

SCHEDULE OF ACCOUNTS PAYABLE - GRANTS

Balance, December 31, 2022	A	\$ 27,779.29
Increased by:		
2023 Appropriations	A-20	<u>11,344.00</u>
		\$ 39,123.29
Decreased by:		
Transferred to 2022 Appropriation Reserves	A-20	<u>27,779.29</u>
Balance, December 31, 2023	A	<u>\$ 11,344.00</u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF GRANTS RECEIVABLE

	BALANCE DECEMBER 31, 2022	ACCRUED	DECREASED	UNAPPROPRIATED APPLIED	BALANCE DECEMBER 31, 2023
	\$	\$	\$	\$	\$
DMHAS Youth Leadership Grant		3,402.00			3,402.00
Municipal Alliance Program - 2023		3,549.00			3,549.00
Union County Green Grant	2,500.00	5,000.00			7,500.00
Body Armor Replacement Fund		1,359.48		1,359.48	
Recycling Tonnage Grant		3,823.21	3,823.21		
Union County Senior Focus Grant	25,000.00	15,000.00	15,000.00		25,000.00
NJDEP Stormwater Assistance Grant					
Union County History Grant	62.50	10,474.55	10,474.55		62.50
Clean Communities Program	1,541.25	2,871.40	4,412.65		
Federal Bulletproof Vest Program	36,684.00		11,112.00		25,572.00
Statewide Insurance Grant		38,000.00			38,000.00
Union County Infrastructure Grant		35,000.00			35,000.00
UC Freeholders Kids Recreation Grant	9,450.00				9,450.00
UC Level the Playing Field	10,000.00				10,000.00
NJTPA Complete Streets					
	\$ 85,237.75	\$ 118,479.64	\$ 44,822.41	\$ 1,359.48	\$ 157,535.50

REF.

A

A-2

A-29

A

Receipts

A-4

\$ 44,822.41

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR MASTER PLAN

	<u>REF.</u>	
Balance, December 31, 2023 and Balance, December 31, 2022	A	\$ <u>1,143.50</u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

<u>PURPOSE</u>	BALANCE DECEMBER 31, 2022	RAISED IN 2023 BUDGET	BALANCE DECEMBER 31, 2023
Special Emergency Authorization 40A:4-55 - Storm IDA	\$ 200,000.00	\$ 50,000.00	\$ 150,000.00
Special Emergency Authorization 40A:4-55 - Tax Maps / Revaluation	28,000.00	28,000.00	
	<u>\$ 228,000.00</u>	<u>\$ 78,000.00</u>	<u>\$ 150,000.00</u>
<u>REF.</u>	A	A-3	A

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF EMERGENCY NOTE PAYABLE

	<u>REF.</u>	
Balance, December 31, 2022	A	\$ 228,000.00
Decreased by:		
Cash Disbursements	A-4	<u>78,000.00</u>
Balance, December 31, 2023	A	<u>\$ 150,000.00</u>

BOROUGH OF GARWOOD
CURRENT FUND
SCHEDULE OF RESERVE FOR LIBRARY

	<u>REF.</u>		
Balance, December 31, 2022	A	\$	108,432.05
Increased by:			
Transferred from Appropriation Reserves	A-11		<u>11,297.45</u>
Balance, December 31, 2023	A	\$	<u><u>119,729.50</u></u>

BOROUGH OF GARWOOD
CURRENT FUND
SCHEDULE OF RESERVE FOR TAX MAPS

	<u>REF.</u>	
Balance, December 31, 2023 and Balance, December 31, 2022	A	\$ <u>27,366.98</u>

"A-29"

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF RESERVES FOR GRANTS-UNAPPROPRIATED

	BALANCE DECEMBER 31, 2022	RECEIPTS	ANTICIPATED IN 2023 BUDGET	BALANCE DECEMBER 31, 2023
Body Armor Replacement Fund	\$ 1,359.48	\$ 1,523.81	\$ 1,359.48	\$ 1,523.81
	\$ 1,359.48	\$ 1,523.81	\$ 1,359.48	\$ 1,523.81
<u>REF.</u>	A	A-4	A-2:A-23	A

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR TROPICAL STORM IDA

	<u>REF.</u>	
Balance, December 31, 2023 and Balance December 31, 2022	A	\$ <u>62,038.57</u>

BOROUGH OF GARWOOD

CURRENT FUND

SCHEDULE OF RESERVE FOR MUNICIPAL RELIEF FUNDS

	<u>REF.</u>		
Balance, December 31, 2022	A	\$	25,570.00
Increased by:			
Cash Receipts	A-4	\$	<u>51,129.16</u>
			76,699.16
Decreased by:			
Anticipated as 2023 Revenue	A-2		<u>25,570.00</u>
Balance, December 31, 2023	A	\$	<u><u>51,129.16</u></u>

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>ASSESSMENT</u>	<u>ANIMAL CONTROL</u>	<u>OTHER TRUST</u>
Balance, December 31, 2022	B	\$ <u>4,703.04</u>	\$ <u>781.27</u>	\$ <u>613,801.66</u>
Increased by Receipts:				
State of New Jersey-Registrar Fees	B-10	\$	\$	600.00
Animal Control Fees	B-5		4,895.00	
Budget Appropriation	B-5		7,500.00	
State of New Jersey-Dog License Fees	B-6		399.00	
State Unemployment Insurance	B-8			32,562.87
Miscellaneous Deposits	B-9			3,012,015.86
Due Current Fund	B-12			16,973.75
COAH	B-15			78,760.00
Community Development Block Grant	B-4			15,750.00
Assessments Receivable	B-1	604.58		
Payroll Deductions Payable	B-11			5,389,579.75
		\$ <u>604.58</u>	\$ <u>12,794.00</u>	\$ <u>8,546,242.23</u>
		\$ <u>5,307.62</u>	\$ <u>13,575.27</u>	\$ <u>9,160,043.89</u>
Decreased by Disbursements:				
State of New Jersey-Registrar Fees	B-10	\$	\$	475.00
Expenditures Under R.S.4:19-15.11	B-5		11,914.00	
State of New Jersey Animal Control License Fees	B-6		399.00	
Community Development Block Grant	B-7			16,973.75
Due Current Fund	B-12			15,750.00
State Unemployment Insurance	B-8			33,802.02
COAH	B-15			2,884.00
Miscellaneous Deposits	B-9			3,054,452.24
Payroll Deductions Payable	B-11			5,385,299.84
		\$	\$ <u>12,313.00</u>	\$ <u>8,509,636.85</u>
Balance, December 31, 2023	B	\$ <u>5,307.62</u>	\$ <u>1,262.27</u>	\$ <u>650,407.04</u>

"B-3"

BOROUGH OF GARWOOD

TRUST FUND

ANALYSIS OF CASH - ASSESSMENT FUND

BALANCE
DECEMBER
31, 2023

Fund Balance

\$ 5,307.62

REF.

B

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2022	B	\$ 15,750.00
Increased by:		
County of Union	B-7	<u>17,250.00</u>
		\$ 33,000.00
Decreased by:		
Receipts	B-2	<u>15,750.00</u>
Balance, December 31, 2023	B	<u>\$ 17,250.00</u>

"B-5"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

	<u>REF.</u>		
Balance, December 31, 2022	B	\$	781.27
Increased by:			
License Fees Collected	B-2	\$	4,410.00
Late Fees	B-2		485.00
Budget Appropriation	B-2		<u>7,500.00</u>
			12,395.00
		\$	<u>13,176.27</u>
Decreased by:			
Expenditures Under R.S. 4:19-15.11	B-2		<u>11,914.00</u>
Balance, December 31, 2023	B	\$	<u><u>1,262.27</u></u>

<u>LICENSE FEES COLLECTED</u>	
<u>YEAR</u>	<u>AMOUNT</u>
2021	\$ 4,955.00
2022	<u>5,220.00</u>
	\$ <u><u>10,175.00</u></u>

"B-6"

SCHEDULE OF DUE STATE OF NEW JERSEY FOR
ANIMAL CONTROL FEES

Increased by:			
Receipts	B-2	\$	<u>399.00</u>
Decreased by:			
Disbursements	B-2	\$	<u><u>399.00</u></u>

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

	<u>REF.</u>	
Balance, December 31, 2022	B	\$ 9,391.19
Increased by:		
County of Union	B-4	17,250.00
		\$ <u>26,641.19</u>
Decreased by:		
Disbursements	B-2	<u>16,973.75</u>
Balance, December 31, 2023	B	\$ <u><u>9,667.44</u></u>

"B-8"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR STATE UNEMPLOYMENT
INSURANCE (PER N.J.S. 43:21-3 ET. SEQ.)

	<u>REF.</u>		
Balance, December 31, 2022	B	\$	78,808.43
Increased by:			
Cash Receipts	B-2	\$	<u>32,562.87</u>
			111,371.30
Decreased by:			
Cash Disbursements	B-2		<u>33,802.02</u>
Balance, December 31, 2023	B	\$	<u><u>77,569.28</u></u>

"B-9"

SCHEDULE OF MISCELLANEOUS DEPOSITS

	<u>BALANCE DECEMBER 31, 2022</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE DECEMBER 31, 2023</u>
Street Opening Deposits	\$ 31,693.00	\$ 6,892.50	\$ 5,625.00	\$ 32,960.50
Library Fund	66,728.64	1,942.78		68,671.42
Bid and Bond Deposits	13,684.00			13,684.00
Recreation	5,363.50			5,363.50
Law Enforcement Trust	21,170.59	422.33		21,592.92
Miscellaneous	6,921.82	135.00	4,007.87	3,048.95
Tax Sale Premium	77,000.00		77,000.00	
Developers Escrow	65,217.72	57,503.18	55,109.75	67,611.15
Historical Committee	1,836.29			1,836.29
POAA	2,579.71	506.00		3,085.71
Donations	50,078.05	76,680.00	97,397.82	29,360.23
Public Defender	1,267.56			1,267.56
Crime Stoppers	5,000.00			5,000.00
Fire Inspection Fees	5,490.08	1,237.00		6,727.08
Green Team Committee	2,264.13	2,065.00	167.49	4,161.64
Miscellaneous	5,900.00	4,267.50	10,167.50	
Police OSP Escrow	9,097.50	22,202.24		31,299.74
Sports and Recreation Complex	53,945.03	70,882.50	52,323.17	72,504.36
Accumulated Absences	31,137.62	10,000.00		41,137.62
Snow Removal	18,903.44	228.18		19,131.62
MLK Day	136.00		136.00	
Fall Programs	5,039.80	49,325.50	46,985.49	7,379.81
Shade Tree		1,750.00		1,750.00
Recycling Trust		444.00		444.00
Net Payroll	1,401.69	2,705,532.15	2,705,532.15	1,401.69
	<u>\$ 481,856.17</u>	<u>\$ 3,012,015.86</u>	<u>\$ 3,054,452.24</u>	<u>\$ 439,419.79</u>
<u>REF.</u>	B	B-2	B-2	B

"B-10"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF DUE STATE OF NEW JERSEY - REGISTRAR FEES

	<u>REF.</u>	
Balance, December 31, 2022	B	\$ 150.00
Increased by:		
Cash Receipts	B-2	<u>600.00</u>
		\$ 750.00
Decreased by:		
Cash Disbursements	B-2	<u>475.00</u>
Balance, December 31, 2023	B	\$ <u><u>275.00</u></u>

"B-11"

SCHEDULE OF DUE PAYROLL DEDUCTIONS PAYABLE

Balance, December 31, 2022	B	\$ 4,866.76
Increased by:		
Employee Payroll Deductions	B-2	<u>5,389,579.75</u>
		\$ 5,394,446.51
Decreased by:		
Cash Disbursements	B-2	<u>5,385,299.84</u>
Balance, December 31, 2023	B	\$ <u><u>9,146.67</u></u>

"B-12"

BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF DUE CURRENT FUND

	<u>REF.</u>	<u>TRUST OTHER FUND</u>
Balance, December 31, 2022: Due To	B	\$ 6,358.81
Increased by: Receipts	B-2	\$ <u>16,973.75</u> <u>23,332.56</u>
Decreased by: Disbursements	B-2	<u>15,750.00</u>
Balance, December 31, 2023: Due To	B	\$ <u><u>7,582.56</u></u>

"B-13"

SCHEDULE OF RESERVE FOR FLEXIBLE SPENDING

Balance, December 31, 2023, and December 31, 2022	B	\$ <u><u>1,542.55</u></u>
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"B-14"

SCHEDULE OF LAW ENFORCEMENT PETTY CASH

Balance, December 31, 2023, and December 31, 2022	B	\$ <u><u>250.00</u></u>
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BOROUGH OF GARWOOD

TRUST FUND

SCHEDULE OF RESERVE FOR COAH

	<u>REF.</u>		
Balance, December 31, 2022	B	\$	46,827.75
Increased by:			
Receipts	B-2	\$	<u>78,760.00</u>
		\$	125,587.75
Decreased by:			
Disbursements	B-2		<u>2,884.00</u>
Balance, December 31, 2023	B	\$	<u><u>122,703.75</u></u>

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH - TREASURER

	<u>REF.</u>		
Balance, December 31, 2022	C		\$ 1,381,229.06
Increased by Receipts:			
Capital Improvement Fund	C-6	\$ 10,000.00	
State Aid Receivable	C-10	247,500.00	
Deferred Charges to Future Taxation-Unfunded	C-5	5,000.00	
Bond Anticipation Notes	C-9	5,620,000.00	
County Grants Receivable	C-11	35,000.00	
Premium on Bond Anticipation Notes Issued	C-1	<u>30,119.40</u>	
			<u>5,947,619.40</u>
			\$ <u>7,328,848.46</u>
Decreased by Disbursements:			
Contracts Payable	C-14	\$ 862,345.32	
Bond Anticipation Notes	C-9	5,097,806.00	
Anticipated in Current Fund Budget	C-1	<u>50,000.00</u>	
			<u>6,010,151.32</u>
Balance, December 31, 2023	C		\$ <u><u>1,318,697.14</u></u>

"C-3"

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

BALANCE
DECEMBER
31, 2023

IMPROVEMENT DESCRIPTION

Fund Balance	\$	87,521.77
Capital Improvement Fund		70,299.28
State Aid Receivable		(478,736.70)
County Grant Receivable		(17,500.00)
Reserve for County Grants		50,000.00
Federal Congressional Grant		(250,000.00)
Contracts Payable		1,418,061.68
Improvement Authorizations - Funded as Set Forth on "C-7"		7,672.19
Bond Anticipation Notes Issued - Unexpended Proceeds as Set Forth on "C-7"		659,430.00
Improvement Authorizations - Expended as Set Forth on "C-3"		<u>(228,051.08)</u>
	\$	<u>1,318,697.14</u>

REF.

C

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

	<u>REF.</u>		
Balance, December 31, 2022	C	\$	1,439,104.93
Decreased by:			
2023 Budget Appropriations to Pay Bonds	C-8	\$	270,000.00
2023 Budget Appropriations to Pay Green Acres Loan	C-12		<u>28,380.48</u>
			<u>298,380.48</u>
Balance, December 31, 2023	C	\$	<u><u>1,140,724.45</u></u>

BOROUGH OF GARWOOD
GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION-UNFUNDED

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	FINANCED BY					ANALYSIS OF BALANCE	
		BALANCE DECEMBER 31, 2022	2023 AUTHORIZATIONS	FUNDED BY BUDGET APPROPRIATION	NOTES PAID BY BUDGET APPROPRIATION	BALANCE DECEMBER 31, 2023	BOND ANTICIPATION NOTES	EXPENDED
		\$	\$	\$	\$	\$	\$	\$
GENERAL IMPROVEMENTS								
94-20	Resurfacing Improvements to Center Street	2,000.00		2,000.00		32,458.08		32,458.08
95-05	Drainage and Resurfacing to Center Street	35,458.08		3,000.00		17,000.00		17,000.00
03-05/04-12	Road Improvements of Second Avenue, East Street and Locust Avenue	17,000.00				11,367.00		11,367.00
06-20	Installation of New Curbing at Portions of Willow Avenue and Myrtle Avenue	11,367.00				38,382.00		38,382.00
15-11	Police Equipment	41,335.00			2,953.00	141,670.00		141,670.00
15-15/16-08	Road and Drainage/Sidewalk Repair	152,318.00			10,648.00	30,768.00		30,768.00
15-16	Sewer Improvements	31,190.00			422.00	8,895.00		8,895.00
15-24	Sewer Improvements	9,016.00			121.00	140,000.00		140,000.00
16-09	DOT Project and Center Street Paving	150,000.00			10,000.00	105,776.00		105,776.00
17-02	Purchase of Garbage Truck	126,932.00			21,156.00	118,736.00		118,736.00
17-13	Various Public Improvements	126,652.00			7,916.00	89,653.00		89,653.00
17-27	Various Improvements - Hartman Park Playground	93,102.00			3,449.00	42,674.00		42,674.00
18-03	Structural Stabilization Project	44,316.00			1,642.00	285,025.00		285,025.00
18-14	Various Public Improvements	301,350.00			16,325.00	69,489.00		69,489.00
18-18	Various Public Improvements	73,626.00			4,137.00	181,893.00		181,893.00
18-22	Amend 17-13	193,262.00			11,369.00	248,212.00		248,212.00
19-01	Acquisition of a New Street Sweeper	237,406.00			9,194.00	203,028.00		203,028.00
19-11	Various Public Improvements	216,695.00			13,667.00	1,107,684.00		1,107,684.00
19-12	Acquisition of a New Ladder Fire Truck	1,172,842.00			65,158.00	143,156.00		143,156.00
19-14	2019 Road Improvement Program	151,578.00			8,422.00	161,052.00		161,052.00
20-05	2020 Road Improvement Program	170,000.00			8,946.00	129,789.00		129,789.00
20-06	Installation of Granite Block Curbing on 3rd Ave	137,000.00			7,211.00	161,444.00		161,444.00
20-09	2020 Sidewalk Repair and Tree Removal	170,900.00			9,456.00	111,400.00		111,400.00
21-02	2021 Pedestrian Safety Program	111,400.00				152,350.00		152,350.00
21-03	Acquisition of Fire Department SCBA Equipment	152,350.00				304,750.00		304,750.00
21-07	Acquisition of Various Equipment and Vehicles	304,750.00				323,800.00		323,800.00
21-11	Various Public Improvements	323,800.00				190,000.00		190,000.00
22-05	Various Public Improvements	190,000.00				571,000.00		571,000.00
22-07	Various Public Improvements & Equipment	571,000.00				38,000.00		38,000.00
22-10	Environmental testing & design of New DPW Building	38,000.00				365,000.00		365,000.00
23-10	2023 Road Improvement Project		365,000.00			157,000.00		157,000.00
23-11	Various Public Improvements		157,000.00			166,600.00		166,600.00
23-15/23-27	Resurfacing of Second and Third Avenue		166,600.00					
		\$ 5,376,645.08	\$ 688,600.00	\$ 5,000.00	\$ 212,194.00	\$ 5,848,051.08	\$ 5,620,000.00	\$ 228,051.08
	REF.	C	C-7	C-2	C-9	C	C-9	C-3

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>REF.</u>		
Balance, December 31, 2022	C	\$	76,699.28
Increased by:			
2023 Budget Appropriation	C-2		10,000.00
		\$	<u>86,699.28</u>
Decreased by:			
Appropriation to Finance Improvement Authorizations	C-7		16,400.00
			<u>16,400.00</u>
Balance, December 31, 2023	C	\$	<u><u>70,299.28</u></u>

BOROUGH OF GARWOOD
GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES

ORDINANCE NUMBER	IMPROVEMENT DESCRIPTION	DATE OF ISSUE OF ORIGINAL NOTE	DATE OF ISSUE	DATE OF MATURITY	INTEREST RATE	BALANCE DECEMBER 31, 2022	INCREASED	DECREASED	BALANCE DECEMBER 31, 2023
15-11	DOT Project and Center Street Paving	12/18/2015	11/4/2022	8/3/2023	5.000%	41,335.00	\$	41,335.00	\$
15-15/16-08	Purchase of Garbage Truck	12/18/2015	11/4/2022	8/3/2023	5.000%	152,318.00		152,318.00	
15-16	Various Public Improvements	12/18/2015	11/4/2022	8/3/2023	5.000%	31,190.00		31,190.00	
15-24	Various Public Improvements - Hartman Park	12/18/2016	11/4/2022	8/3/2023	5.000%	9,016.00		9,016.00	
16-09	Structural Stabilization Project	12/18/2016	11/4/2022	8/3/2023	5.000%	150,000.00		150,000.00	
17-02	Various Public Improvements	11/8/2017	11/4/2022	8/3/2023	5.000%	128,932.00		128,932.00	
17-13	Various Public Improvements	11/8/2017	11/4/2022	8/3/2023	5.000%	126,652.00		126,652.00	
17-27	Acquisition of a New Street Sweeper	11/8/2018	11/4/2022	8/3/2023	5.000%	93,102.00		93,102.00	
18-03	Various Public Improvements	11/8/2018	11/4/2022	8/3/2023	5.000%	44,316.00		44,316.00	
18-14	Acquisition of a New Ladder Fire Truck	11/8/2018	11/4/2022	8/3/2023	5.000%	301,350.00		301,350.00	
18-18	Road Improvement Project	11/8/2018	11/4/2022	8/3/2023	5.000%	193,262.00		193,262.00	
18-22	Road Improvement Project	11/8/2018	11/4/2022	8/3/2023	5.000%	257,406.00		257,406.00	
18-01	Installation of Granite Curbing on 3rd Ave	11/8/2019	11/4/2022	8/3/2023	5.000%	216,685.00		216,685.00	
19-11	Sidewalk Repair and Tree Removal	11/8/2019	11/4/2022	8/3/2023	5.000%	1,172,842.00		1,172,842.00	
19-12	Police Equipment	11/8/2019	11/4/2022	8/3/2023	5.000%	151,578.00		151,578.00	
19-14	Road and Drainage/Sidewalk Repair	11/8/2020	11/4/2022	8/3/2023	5.000%	170,000.00		170,000.00	
20-05	Sewer Improvements	11/6/2020	11/4/2022	8/3/2023	5.000%	137,000.00		137,000.00	
20-06	Sewer Improvements	11/6/2020	11/4/2022	8/3/2023	5.000%	170,900.00		170,900.00	
20-08	DOT Project and Center Street Paving	11/5/2021	11/4/2022	8/3/2023	5.000%	111,400.00		111,400.00	
21-03	Purchase of Garbage Truck	11/5/2021	11/4/2022	8/3/2023	5.000%	152,350.00		152,350.00	
21-07	Various Public Improvements	11/5/2021	11/4/2022	8/3/2023	5.000%	304,750.00		304,750.00	
21-11	Various Public Improvements - Hartman Park	11/5/2021	11/4/2022	8/3/2023	5.000%	323,800.00		323,800.00	
22-05	Structural Stabilization Project	11/4/2022	11/4/2022	8/3/2023	5.000%	190,000.00		190,000.00	
22-07	Various Public Improvements	11/4/2022	11/4/2022	8/3/2023	5.000%	571,000.00		571,000.00	
22-10	Acquisition of a New Street Sweeper	11/4/2022	11/4/2022	8/3/2023	5.000%	37,180.00		37,180.00	
15-15/16-08	DOT Project and Center Street Paving	12/18/2015	8/3/2023	8/2/2024	4.500%	36,382.00		36,382.00	
15-16	Purchase of Garbage Truck	12/18/2015	8/3/2023	8/2/2024	4.500%	141,670.00		141,670.00	
15-24	Various Public Improvements	12/18/2016	8/3/2023	8/2/2024	4.500%	30,768.00		30,768.00	
16-09	Structural Stabilization Project	12/18/2016	8/3/2023	8/2/2024	4.500%	8,895.00		8,895.00	
17-02	Various Public Improvements	11/8/2017	8/3/2023	8/2/2024	4.500%	140,000.00		140,000.00	
17-13	Various Public Improvements	11/8/2017	8/3/2023	8/2/2024	4.500%	105,776.00		105,776.00	
17-27	Acquisition of a New Street Sweeper	11/8/2018	8/3/2023	8/2/2024	4.500%	118,736.00		118,736.00	
18-03	Various Public Improvements	11/8/2018	8/3/2023	8/2/2024	4.500%	89,653.00		89,653.00	
18-14	Acquisition of a New Ladder Fire Truck	11/8/2018	8/3/2023	8/2/2024	4.500%	42,674.00		42,674.00	
18-18	Road Improvement Project	11/8/2018	8/3/2023	8/2/2024	4.500%	285,025.00		285,025.00	
18-22	Road Improvement Project	11/8/2018	8/3/2023	8/2/2024	4.500%	69,489.00		69,489.00	
19-01	Installation of Granite Curbing on 3rd Ave	11/8/2019	8/3/2023	8/2/2024	4.500%	181,893.00		181,893.00	
19-11	Sidewalk Repair and Tree Removal	11/8/2019	8/3/2023	8/2/2024	4.500%	248,212.00		248,212.00	
19-12	Police Equipment	11/8/2019	8/3/2023	8/2/2024	4.500%	203,028.00		203,028.00	
19-14	Road and Drainage/Sidewalk Repair	11/8/2019	8/3/2023	8/2/2024	4.500%	1,107,684.00		1,107,684.00	
20-05	Sewer Improvements	11/6/2020	8/3/2023	8/2/2024	4.500%	143,156.00		143,156.00	
20-06	Sewer Improvements	11/6/2020	8/3/2023	8/2/2024	4.500%	161,052.00		161,052.00	
20-09	DOT Project and Center Street Paving	11/6/2020	8/3/2023	8/2/2024	4.500%	129,789.00		129,789.00	
21-02	Purchase of Garbage Truck	11/5/2021	8/3/2023	8/2/2024	4.500%	161,444.00		161,444.00	
21-03	Various Public Improvements	11/5/2021	8/3/2023	8/2/2024	4.500%	111,400.00		111,400.00	
21-07	Various Public Improvements - Hartman Park	11/5/2021	8/3/2023	8/2/2024	4.500%	152,350.00		152,350.00	
21-11	Structural Stabilization Project	11/5/2021	8/3/2023	8/2/2024	4.500%	304,750.00		304,750.00	
22-05	Various Public Improvements	11/4/2022	8/3/2023	8/2/2024	4.500%	323,800.00		323,800.00	
22-07	Various Public Improvements	11/4/2022	8/3/2023	8/2/2024	4.500%	190,000.00		190,000.00	
22-10	Acquisition of a New Street Sweeper	11/4/2022	8/3/2023	8/2/2024	4.500%	571,000.00		571,000.00	
23-10	2023 Road Improvement Project	8/3/2023	8/3/2023	8/2/2024	4.500%	37,374.00		37,374.00	
23-11	Various Public Improvements	8/3/2023	8/3/2023	8/2/2024	4.500%	365,000.00		365,000.00	
						157,000.00		157,000.00	
						\$ 5,310,000.00	\$ 5,620,000.00	\$ 5,310,000.00	\$ 5,620,000.00

Paid by Budget Appropriation
Disbursements

\$ 212,194.00

5,087,806.00

\$ 5,310,000.00

"C-10"

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF STATE AID RECEIVABLE

	<u>REF.</u>	
Balance, December 31, 2022	C	\$ 396,236.70
Increased by:		
2023 Grant Award	C-7	<u>330,000.00</u>
		\$ <u>726,236.70</u>
Decreased by:		
Receipts	C-2	<u>247,500.00</u>
Balance, December 31, 2023	C	\$ <u><u>478,736.70</u></u>

"C-11"

SCHEDULE OF UNION COUNTY GRANTS RECEIVABLE

Balance, December 31, 2022	C	\$ 52,500.00
Decreased by:		
Receipts	C-2	<u>35,000.00</u>
Balance, December 31, 2023	C	\$ <u><u>17,500.00</u></u>

"C-12"

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF GREEN ACRES LOAN PAYABLE

	<u>REF.</u>	
Balance, December 31, 2022	C	\$ 363,104.93
Decreased by:		
Paid by Budget Appropriation	C-4	<u>28,380.48</u>
Balance, December 31, 2023	C	\$ <u><u>334,724.45</u></u>

"C-13"

SCHEDULE OF RESERVE FOR COUNTY OF UNION GRANTS

Balance, December 31, 2023 and December 31, 2022	C	\$ <u><u>50,000.00</u></u>
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BOROUGH OF GARWOOD
GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE

	<u>REF.</u>	
Balance, December 31, 2022	C	\$ 922,836.54
Increased by:		
Charges to Improvement Authorizations	C-7	<u>1,357,570.46</u>
		\$ <u>2,280,407.00</u>
Decreased by:		
Cash Disbursements	C-2	<u>862,345.32</u>
Balance, December 31, 2023	C	\$ <u><u>1,418,061.68</u></u>

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF FEDERAL GRANTS RECEIVABLE

	<u>REF.</u>	
Increased by:		
2023 Grant Award	C-7	\$ <u>250,000.00</u>
Balance, December 31, 2023	C	\$ <u>250,000.00</u>

BOROUGH OF GARWOOD

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

<u>ORDINANCE NUMBER</u>	<u>IMPROVEMENT DESCRIPTION</u>	<u>BALANCE DECEMBER 31, 2023</u>
95-05	Drainage and Resurfacing- Center Street	\$ 32,458.08
03-05/04-12	Road Improvements of Second Avenue, East Street & Locust Avenue	17,000.00
08-20	Installation of Curbing	11,367.00
22-10	Environmental testing & design of New DPW Building	626.00
23-15/23-27	Resurfacing of Second and Third Avenue	<u>166,600.00</u>
		<u>\$ 228,051.08</u>

BOROUGH OF GARWOOD
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH - TREASURER

	<u>REF.</u>	<u>P.A.T.F.</u> <u>↓</u>	<u>FUND</u> <u>TOTAL</u>
Balance, December 31, 2023 and December 31, 2022	E	\$ <u>1,372.80</u>	\$ <u>1,372.80</u>

BOROUGH OF GARWOOD
PUBLIC ASSISTANCE TRUST FUND
SCHEDULE OF CASH
AND RECONCILIATION PER N.J.S.A. 40A:5-5

	<u>REF.</u>		
Balance, December 31, 2023			
April 30, 2024	E-1	\$	<u>1,372.80</u>
<u>Reconciliation - April 30, 2024</u>		<u>P.A.T.F. I</u>	<u>TOTAL</u>
		<u>ACCOUNT</u>	
Balance on Deposit Per Statement of:			
Investors Savings Bank			
Account # 0043-99-0062-7	E-1	\$	<u>1,372.80</u>
		\$	<u>1,372.80</u>

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PART II

BOROUGH OF GARWOOD

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

	YEAR 2023		YEAR 2022	
	AMOUNT	%	AMOUNT	%
<u>REVENUE AND OTHER INCOME REALIZED</u>				
Fund Balance Utilized	\$ 1,200,000.00	5.04%	\$ 650,000.00	2.82%
Miscellaneous - From Other Than Local Property Tax Levies	2,367,450.54	9.94%	2,736,452.22	11.87%
Collection of Delinquent Taxes and Tax Title Liens	147,303.49	0.62%	152,661.87	0.66%
Collection of Current Tax Levy	<u>20,103,501.00</u>	<u>84.40%</u>	<u>19,514,996.64</u>	<u>84.65%</u>
<u>Total Income</u>	<u>\$ 23,818,255.03</u>	<u>100.00%</u>	<u>\$ 23,054,110.73</u>	<u>100.00%</u>
<u>EXPENDITURES</u>				
Budget Expenditures:				
Municipal Purposes	\$ 9,930,576.85	43.25%	\$ 9,145,722.32	41.57%
County Taxes	3,567,554.29	15.54%	3,610,720.38	16.41%
Local School Taxes	9,461,167.00	41.21%	9,242,334.00	42.01%
Other Expenditures	<u>1,223.75</u>	<u>0.01%</u>	<u></u>	<u></u>
<u>Total Expenditures</u>	<u>\$ 22,960,521.89</u>	<u>100.00%</u>	<u>\$ 21,998,776.70</u>	<u>100.00%</u>
Excess in Revenue	\$ 857,733.14		\$ 1,055,334.03	
Fund Balance, January 1	<u>1,484,485.44</u>		<u>1,079,151.41</u>	
	\$ 2,342,218.58		\$ 2,134,485.44	
Less: Utilization as Anticipated Revenue	<u>1,200,000.00</u>		<u>650,000.00</u>	
Fund Balance, December 31	<u>\$ 1,142,218.58</u>		<u>\$ 1,484,485.44</u>	

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax Rate	<u>\$2.704</u>	<u>\$2.632</u>	<u>\$2.558</u>
Appointment of Tax Rate:			
Municipal	0.928	0.877	0.859
Municipal Library	0.038	0.035	0.034
County	0.458	0.467	0.483
County Open Space	0.017	0.015	0.015
Local School	<u>1.263</u>	<u>1.238</u>	<u>1.167</u>

Assessed Valuations:

Year 2023	\$ <u>749,318,936.00</u>		
Year 2022		\$ <u>747,001,320.00</u>	
Year 2021			\$ <u>739,593,433.00</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>CURRENTLY</u>	
		<u>CASH COLLECTIONS</u>	<u>PERCENTAGE OF COLLECTION</u>
2023	\$ 20,288,639.87	\$ 20,103,501.00	99.09%
2022	\$ 19,674,053.94	\$ 19,514,996.64	99.19%
2021	\$ 18,973,150.65	\$ 18,808,685.96	99.13%

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 three years.

<u>DECEMBER 31, YEAR</u>	<u>AMOUNT OF TAX TITLE LIENS</u>	<u>AMOUNT OF DELINQUENT TAXES</u>	<u>TOTAL DELINQUENT</u>	<u>PERCENTAGE OF TAX LEVY</u>
2023	\$ 36,050.50	\$ 184,156.89	\$ 220,207.39	1.09%
2022	\$ 35,079.77	\$ 147,303.49	\$ 182,383.26	0.93%
2021	\$ 34,134.89	\$ 152,661.87	\$ 186,796.76	0.98%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2023 by foreclosure or deed as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, was as follows:

<u>YEAR</u>	<u>AMOUNT</u>
2023	\$ 17,974.00
2022	\$ 17,974.00
2021	\$ 17,974.00

COMPARATIVE SCHEDULE OF FUND BALANCES

	<u>YEAR</u>	<u>BALANCE DECEMBER 31</u>	<u>UTILIZED IN BUDGET OF SUCCEEDING YEAR</u>
Current Fund	2023	\$ 1,142,218.58	\$ 900,000.00
	2022	\$ 1,484,485.44	\$ 1,200,000.00
	2021	\$ 1,079,151.41	\$ 650,000.00
	2020	\$ 932,935.13	\$ 700,000.00
	2019	\$ 842,590.44	\$ 650,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

<u>NAME</u>	<u>TITLE</u>	<u>AMOUNT OF BOND</u>
Jennifer Blumenstock	Mayor	*
Marc Lazarow	Councilman	*
Vincent Kearney	Councilman	*
Clarissa Nolde	Councilwoman	*
Kimberly Salmon	Councilwoman	*
Rachel Herz	Councilwoman	*
Russell Graham	Councilman	*
Gary Bundy	Municipal Court Judge	*
Kyle Harris	Borough Administrator	*
Sandra Bruns	Treasurer/Chief Financial Officer/Tax Collector	*
Kathleen Wierzbinski	Registrar/Assistant to Clerk	*
Catherine Cameron	Municipal Clerk	*
Douglas Stoffer	Chief of Police	*
Ralph Bernardo	Director of Recreation (thru June 2023)	*
Katya Lysak	Director of Recreation (started July 2023)	*
Yasmilca Villafana	Court Administrator (thru June 2023)	*
Catherine Frank	Court Administrator (started July 2023)	*
Russell Huegel	Prosecutor	*
Cleary, Giacobbe, Alfieri, Jacobs, LLC	Attorney	*
Michael Disko	Engineer	*
John Scalzadonna	Fire Chief	*
Jennifer Sherman	Tax Assessor	*
Michael Simitz	Public Defender	*
Lenny DiStefano	Zoning Code Enforcement Official	*
Victor Vinegra	Zoning Code Official-Review	*
Adele Lewis	Planning Board Secretary	*
Clint Dickson	Superintendent of Public Works	*
Kathleen Wierzbinski	Senior Citizens Director	*
Amy Rivera	Tax Clerk / Payroll Clerk	*

All bonds were examined and were properly executed.

*Blanket Bond \$1,000,000.00 Employee Dishonesty Coverage Statewide Insurance Fund

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GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

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 the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971, c. 198 (C.40A:11-3), except by contract or agreement.”

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 40A:11-4 was \$17,500.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$17,500.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

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

- Various Street Improvements
- Curbing & Sidewalk Replacements
- Janitorial Services

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 or any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$17,500.00 “for the performance of any work or the furnishing or hiring of any material or supplies,” other than those where bids had been previously sought by public advertisement or where resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions authorizing contracts or agreements for “Professional Services” per N.J.S.A. 40A:11-5 were advertised during 2023 for the following professional services:

- | | |
|----------------------|--------------------|
| Engineering Services | Borough Auditor |
| Legal Services | Borough Attorney |
| Architect | Appraisal Services |

In addition, purchases utilizing state contracts were made for the following:

- Radio Communications Equipment
- Fire Department Equipment
- Police Vehicles

COLLECTION OF INTEREST AND PENALTY ON DELINQUENT TAXES AND ASSESSMENTS

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

The governing body on January 3, 2023 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

“Be It Resolved, by the Mayor and Council, Borough of Garwood, County of Union, New Jersey, that interest at the rate of eight percent (8%) per annum on the first \$1,500.00 of the delinquency, and eighteen percent (18%) per annum on any amount in excess of the said first \$1,500.00 shall be charged and collected on all delinquent taxes or assessments, and for sewer user charges from and after their due date until paid, and

Be It Further Resolved, that no interest shall be charged if payment of any installment is made within ten (10) days after the date upon which the same shall become payable, and

Be it Further Resolved, that any installment received after the expiration of the ten (10) day grace period shall bear interest from the due date and if the 10th day shall follow a Saturday or Sunday the final day of grace period shall be the next business day.”

In addition, on January 3, 2023, the governing body adopted the following resolution fixing a penalty on delinquent taxes and assessments:

“WHEREAS, by L. 1991, C. 75 N.J.S.A. 54:4-67 was amended to permit the governing body of a municipality to fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year, which may not exceed six percent of the amount of the delinquency;

“NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Garwood, City of Union, State of New Jersey, that a penalty in the sum of six percent of any “delinquency” shall be charged to any taxpayer with a delinquency prior to the end of the calendar year. “Delinquency” shall be defined to mean the sum of all taxes and municipal charges due on a given parcel of property covering any number of quarters or years.”

It appears from an examination of the Collector's records that interest and penalty were collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held by the Borough on October 5, 2022 and was complete. There was no tax sale held during 2023.

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

<u>YEAR</u>	<u>NUMBER OF LIENS</u>
2023	4
2022	4
2021	4

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

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

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

<u>TYPE</u>	
Payment of 2024 Taxes	25
Payment of 2023 Taxes	25
Delinquent Taxes	25

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which results in a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule, all interfund balances should be closed out before the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

RECOMMENDATIONS

NONE

