

CITY OF GARFIELD
BERGEN COUNTY, NEW JERSEY
REPORT OF AUDIT
YEAR ENDED DECEMBER 31, 2022

CITY OF GARFIELD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY SCHEDULES

YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

Qualified Opinion on Regulatory Basis of Accounting

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the City of Garfield as of December 31, 2022 and 2021, or changes in financial position, or, where applicable, cash flows for the years then ended.

Basis for Opinions

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

Basis for Qualified Opinion on Regulatory Basis of Accounting

As discussed in Note 16 of the financial statements, the financial statements – regulatory basis of the Length of Service Awards Program (LOSAP) Trust Fund have not been audited, and we were not required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, to audit nor were we engaged to audit the LOSAP Trust Fund financial statements as part of our audit of the City's financial statements as of and for the years ended December 31, 2022 and 2021. The LOSAP Trust Fund financial activities are included in the City's Trust Funds, and represent 23 percent and 23 percent of the assets and liabilities of the City's Trust Funds as of December 31, 2022 and 2021, respectively.

The notes to the City of Garfield's financial statements do not disclose the net other post employment benefit liability ("net OPEB liability) and other required information related to post-retirement medical benefits provided to the City's eligible retirees and their dependents as required by Government Accounting Standards Board Statement No.75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions and the Division of Local Government Services, Department of Community Affairs, State of New Jersey. In our opinion, disclosure of that information is required to conform with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Garfield on the basis of the financial accounting and reporting provisions and practices that demonstrate compliance with the regulatory basis of accounting and budget laws prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the financial reporting requirements of the State of New Jersey for municipal government entities. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Garfield's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Garfield's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

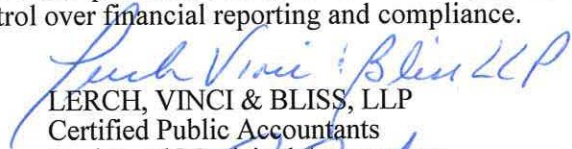
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 2, 2023 on our consideration of the City of Garfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Garfield's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Garfield's internal control over financial reporting and compliance.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	A-4	\$ 12,931,046	\$ 13,750,577
Cash - Change Fund	A-5	100	100
Grants Receivable	A-7	<u>658,887</u>	<u>283,916</u>
		<u>13,590,033</u>	<u>14,034,593</u>
Receivables with Full Reserves			
Delinquent Property Taxes Receivable	A-8	1,029,195	1,114,246
Tax Title Liens Receivable	A-9	663,666	598,323
Property Acquired for Taxes	A-10	436,870	436,870
Revenue Accounts Receivable	A-11	312,442	219,457
Interfunds Receivable:			
Other Trust Fund	B-7	-	463,070
Animal Control Fund	B-8	-	22,975
General Capital Fund	C-4	336,094	20,665
Water Utility Operating Fund	D-28	<u>-</u>	<u>506,271</u>
		<u>2,778,267</u>	<u>3,381,877</u>
Deferred Charges			
Emergency Authorization	A-24	-	1,500,000
Special Emergency Authorization (40A:4-55)	A-24	<u>500,000</u>	<u>625,000</u>
		<u>500,000</u>	<u>2,125,000</u>
Total Assets		<u>\$ 16,868,300</u>	<u>\$ 19,541,470</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Appropriation Reserves	A-3,A-12	\$ 495,917	\$ 2,146,595
Encumbrances Payable	A-13	1,697,002	1,928,385
Accounts Payable	A-14	18,802	156,138
Due County for Added and Omitted Taxes	A-17	12,517	
Prepaid Taxes	A-15	552,613	669,242
Emergency Note Payable	A-25	-	1,500,000
Tax Overpayments	A-18	42,716	
Interfunds Payable:			
Due to Other Trust Fund	B-7	264,495	
Due to Water Utility Operating Fund	D-28	500,000	
Due to Water Utility Capital Fund	D-26	-	51,046
Due to State of New Jersey:			
Senior Citizens' and Veterans' Deductions	A-6	29,552	32,905
Marriage Licenses Payable	A-19	25	
Reserve for Tax Appeals Pending	A-20	474,484	474,484
Miscellaneous Reserves	A-21	66,482	14,715
Reserve for Municipal Relief Fund Aid	A-21	139,850	
Unappropriated Grant Reserves	A-22	16,388	5,832
Appropriated Grant Reserves	A-23	<u>1,659,146</u>	<u>2,109,746</u>
		5,969,989	9,089,088
Reserve for Receivables	A	2,778,267	3,381,877
Fund Balance	A-1	<u>8,120,044</u>	<u>7,070,505</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 16,868,300</u>	 <u>\$ 19,541,470</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
REVENUE AND OTHER INCOME REALIZED			
Fund Balance Utilized	A-2	\$ 3,964,000	\$ 3,964,000
Miscellaneous Revenue Anticipated	A-2	11,101,198	9,888,692
Receipts from Delinquent Taxes	A-2	993,906	869,609
Receipts from Current Taxes	A-2	66,436,384	64,213,669
Non-Budget Revenues	A-2	1,916,848	947,974
Other Credits to Income			
Unexpended Balance of Appropriation Reserves	A-12	879,155	1,599,301
Interfunds Liquidated	A	1,012,981	199,757
Cancelled Prior Year Payables/Reserves	A-1	<u>5,500</u>	<u>3,280</u>
 Total Income		 <u>86,309,972</u>	 <u>81,686,282</u>
Expenditures			
Budget Appropriations			
Salaries and Wages	A-3	13,361,058	13,432,137
Other Expenses	A-3	19,398,422	19,180,529
Deferred Charges and Statutory Expenditures	A-3	4,548,152	5,180,334
Capital Improvements	A-3	200,000	200,000
Municipal Debt Service	A-3	3,620,502	2,921,575
Local District School Tax	A-16	32,668,674	31,165,367
County Taxes	A-17	7,080,337	7,053,809
Amount Due County for Added and Omitted Taxes	A-17	12,517	20,688
Interfunds Advanced	A	336,094	969,341
Senior Citizens and Veterans Deductions Disallowed - Prior Year	A-1	250	-
Refund of Prior Year Revenues and Taxes	A-4	-	11,415
Cancelled Grants Fee		<u>70,427</u>	<u>-</u>
 Total Expenditures		 <u>81,296,433</u>	 <u>80,135,195</u>
 Excess in Revenue Over Expenditures		 5,013,539	 1,551,087
Adjustments to Income before Fund Balance:			
Expenditures Included Above which by Statute are Required to be Raised in Succeeding Year's Budget	A-24	<u>-</u>	<u>1,500,000</u>
 Statutory Excess to Fund Balance		 5,013,539	 3,051,087
 Fund Balance, January 1	A	 <u>7,070,505</u>	 <u>7,983,418</u>
		12,084,044	11,034,505
 Decreased by Utilization as Anticipated Revenue	A-1	 <u>3,964,000</u>	 <u>3,964,000</u>
 Fund Balance, December 31	A	 <u>\$ 8,120,044</u>	 <u>\$ 7,070,505</u>

Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>Budget</u>	<u>Added by NJS 40A:4-87</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	\$ 3,964,000	\$ -	\$ 3,964,000	-
Miscellaneous Revenues					
Licenses					
Alcoholic Beverages	A-11	38,000		47,082	\$ 9,082
Other	A-2, A-11	42,000		11,500	(30,500)
Fees and Permits	A-2, A-11	239,000		478,115	239,115
Fines and Costs - Municipal Court	A-11	1,018,000		973,554	(44,446)
Interest and Costs on Taxes	A-11	225,000		229,976	4,976
Consolidated Municipal Property Tax Aid	A-11	88,066		88,066	-
Energy Receipts Tax	A-11	2,592,917		2,592,917	-
Uniform Construction Code Fees	A-11	312,000		583,594	271,594
Parking Enforcement Fees	A-11	320,000		320,000	-
Shared Service Agreement					-
Township of Saddle Brook - Tax Collection Services	A-11	15,000		15,000	-
Township of Wood Ridge - Tax Collection Services	A-11	85,000		85,750	750
Public and Private Programs					
Recycling Tonnage	A-7	5,332	40,346	45,678	-
Recreation Child care	A-7		17,000	17,000	-
Reserve for Body Armor	A-7		2,751	2,751	-
Municipal Alliance	A-7		11,508	11,508	-
Alcohol Education and Rehabilitation	A-7		6,791	6,791	-
American Rescue Program Grant	A-7	864,335		864,335	-
Body Worn Cameras	A-7	52,988		52,988	-
CDBG Vaccination support seniors	A-7		17,968	17,968	-
Distracted Driving Grant	A-7		10,500	10,500	-
Neighborhood Preservation Grant	A-7		125,000	125,000	-
Clean Communities	A-7		49,874	49,874	-
Click It or Ticket	A-7	500		500	-
Mid Bergen Vaccine Supplement	A-7		7,417	7,417	-
National Opioids settlement	A-7		20,327	20,327	-
Summer food	A-7		109,380	109,380	-
Cops Descalation	A-7		82,780	82,780	-
Community Energy Plan	A-7		10,000	10,000	-
ROID Grant - Children with Disabilities	A-7		11,715	11,715	-
LRIG	A-7		75,000	75,000	-
ARP 2nd Tranche	A-7		800,000	800,000	-
ARP Recreation Family Development	A-7		240,000	240,000	-
ARP Firefighter	A-7		22,326	22,326	-
CDBG Senior center	A-7		338,000	338,000	-
UCF Trees	A-7		49,200	49,200	-
Historical Commission	A-7		325	325	-
Other Special Items					-
Uniform Fire Safety Act Fees	A-11	85,000			(85,000)
Sewer Charges	A-11	1,300,000		1,300,432	432
Host Community Fees (BCUA)	A-11	100,000		520,431	420,431
Anticipated Surplus - General Capital Surplus	A-11	300,000		300,000	-
Anticipated Surplus - Water Utility	A-11	500,000		-	(500,000)
Housing Authority - PILOT	A-11	175,000		175,595	595
Reserve for Payment of Debt	A-11	71,660		71,660	-
Reserve for Police Off Duty Admin Fees	A-11	260,000	-	336,163	76,163
Total Miscellaneous Revenues	A-2	8,689,798	2,048,208	11,101,198	363,192
Receipts from Delinquent Taxes	A-2	860,000	-	993,906	133,906
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes		26,653,338		27,709,158	1,055,820
Minimum Library Tax		965,699	-	965,699	-
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2	27,619,037	-	28,674,857	1,055,820
Budget Totals		\$ 41,132,835	\$ 2,048,208	\$ 44,733,961	\$ 1,552,918
Non-Budget Revenues	A-2			1,916,848	
				\$ 46,650,809	

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

	<u>Reference</u>	
Analysis of Current Tax Collections		
Revenue from Collections	A-1, A-8	\$ 66,436,384
Less		
Allocated to School and County Taxes	A-16, A-17	<u>39,761,527</u>
		26,674,857
Add Appropriation "Reserve for Uncollected Taxes	A-3	<u>2,000,000</u>
Balance for Support of Municipal Budget Appropriations	A-2	<u>\$ 28,674,857</u>
Licenses - Other		
City Clerk	A-11	\$ 11,500
Board of Health	A-11	<u>-</u>
	A-2	<u>\$ 11,500</u>
Fees and Permits		
Board of Health	A-11	\$ 56,773
City Clerk	A-11	15,337
Tax Collector	A-11	8,835
Recreation	A-11	317,027
Public Works	A-11	63,624
Police	A-11	6,413
Zoning Board of Adjustment	A-11	<u>10,106</u>
	A-2	<u>\$ 478,115</u>
Non-Budget Revenue		
Interest on Investments and Deposits		\$ 309,797
Housing Inspections		1,697
JIF Reimbursements		541,747
Fire Prevention Fees		145,492
Shared Services		38,646
Trust Reserves Cancelled - Escrow		103,810
Meridia Permits		101,200
Police Outside Duty		21,328
Budget Reimbursements posted to MRNA		58,959
Library Aid		16,815
Cannabis Revenue		20,000
LEA Rebate		71,066
Online Auction		1,886
Sr Vets Admin Fee		1,413
Recycling		3,516
Garfield Redevelopment		18,680
FEMA - Isaias		97,611
Miscellaneous		213,185
Unallocated Receipts		<u>150,000</u>
	A-2	<u>\$ 1,916,848</u>
Cash Receipts	A-4	\$ 1,906,298
Due from General Capital Fund	C-4	<u>10,550</u>
		<u>\$ 1,916,848</u>

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS"					
General Government					
General Administration					
Salaries & Wages	\$ 201,167	\$ 189,167	\$ 182,987	\$ 6,180	
Other Expenses	120,000	120,000	102,723	17,277	
Mayor and Council					
Salaries & Wages	46,575	46,575	44,910	1,665	
Municipal Clerk's Office					
Salaries & Wages	189,693	197,693	192,937	4,756	
Other Expenses	50,000	45,000	39,644	5,356	
Elections					
Other Expenses	20,000	23,000	22,156	844	
Financial Administration					
Salaries & Wages	315,062	319,062	306,810	12,252	
Other Expenses	40,000	35,000	34,270	730	
Annual Audit	65,000	100,000	100,000	-	
ADP Services	58,000	68,000	61,000	7,000	
Tax Assessment Administration					
Salaries & Wages	121,619	121,619	121,619	-	
Other Expenses	50,000	50,000	48,375	1,625	
Revenue Administration					
Salaries & Wages	158,831	159,831	159,109	722	
Other Expenses	70,000	81,000	76,362	4,638	
Legal Services					
Salaries & Wages	175,000	183,000	176,787	6,213	
Other Expenses	25,000	35,000	31,519	3,481	
Tax Court Appeal Counsel	18,000	23,000	19,906	3,094	
Engineering Services					
Salaries & Wages				-	
Other Expenses	50,000	57,000	43,800	13,200	
Public Buildings & Grounds					
Salaries & Wages				-	
Other Expenses	150,000	150,000	141,298	8,702	
Municipal Land Use Law (NJS 40:55-1)					
Planning Board					
Salaries & Wages	14,191	14,191	13,029	1,162	
Other Expenses	18,000	23,000	19,071	3,929	
Zoning Board					
Salaries & Wages	14,241	14,241	12,550	1,691	
Other Expenses	9,500	6,500	4,909	1,591	

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Public Safety					
Fire					
Other Expenses	\$ 480,000	\$ 423,000	\$ 415,724	\$ 7,276	
Aid to Ambulance Corps					
Other Expenses	110,000	110,000	105,000	5,000	
Parking Enforcement Program					
Salaries & Wages					
Emergency Management					
Salaries & Wages	7,140	7,140	7,140	-	
Other Expenses	45,000	35,000	32,708	2,292	
Police					
Salaries & Wages	8,671,426	8,781,426	8,741,683	39,743	
Other Expenses	370,000	300,000	286,993	13,007	
Pension Pursuant to R.S. 43:12	4,000	4,000	-	4,000	
Purchase of Vehicles	80,000	36,000	28,395	7,605	
Traffic Division	33,000	45,000	42,272	2,728	
Uniform Fire Safety Fire Inspection Act					
Salaries & Wages	188,109	233,109	230,996	2,113	
Other Expenses	17,000	17,000	14,955	2,045	
Streets & Roads					
Road Repairs & Maintenance (Public Works)					
Salaries & Wages	1,563,218	1,598,218	1,596,038	2,180	
Other Expenses	320,000	280,000	267,327	12,673	
Snow Removal	78,000	88,000	88,000	-	
Recycling Program					
Other Expenses	3,000	3,000	2,886	114	
Health & Welfare					
Board of Health					
Salaries & Wages	209,321	192,321	190,365	1,956	
Other Expenses	44,000	36,000	27,788	8,212	
Health Officer					
Other Expenses	42,500	42,500	41,920	580	
Recreation & Education					
Parks & Playgrounds					
Salaries & Wages	433,175	428,175	424,802	3,373	
Other Expenses	190,000	175,000	174,478	522	
Historical Society					
Other Expenses	1,000	1,000		1,000	
Celebration of Public Events					
Anniversary & Holiday					
Other Expenses	47,000	42,000	35,473	6,527	
Housing Inspection					
Salaries & Wages	118,824	156,824	151,489	5,335	
Other Expenses	38,000	30,000	28,486	1,514	

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - WITHIN "CAPS" (Cont'd)					
Insurance					
Other Insurance	\$ 1,554,163	\$ 1,404,163	\$ 1,383,420	\$ 20,743	
Employee Group	5,999,299	5,743,299	5,716,837	26,462	
Health Benefit Waiver	110,000	155,000	148,880	6,120	
Garbage & Trash Removal (Waste Collection)					
Other Expenses	2,887,000	2,887,000	2,884,204	2,796	
Animal Control					
Other Expenses	50,000	50,000	23,170	26,830	
Contribution to Redevelopment Agency	10,000	11,000	10,565	435	
Municipal Court					
Salaries and Wages	366,616	354,616	350,975	3,641	
Other Expenses	35,000	35,000	34,506	494	
Public Defender					
Salaries and Wages	7,829	829	350	479	
Prosecutor					
Salaries & Wages	44,132	54,132	51,257	2,875	
Utilities					
Electricity	285,000	308,000	258,992	49,008	
Telephone	26,000	26,000	17,520	8,480	
Street Lighting	345,000	328,000	278,633	49,367	
Communications	590,000	690,000	659,397	30,603	
Gasoline	190,000	295,000	289,504	5,496	
Uniform Construction Code -					
Appropriations Offset by Dedicated					
Revenues (N.J.A.C. 5:23-4.17)					
State Uniform Construction Code					
Building Inspections					
Salaries & Wages	311,122	306,122	304,554	1,568	
Other Expenses	45,000	34,000	31,005	2,995	-
Total Operations Within "CAPS"	27,929,753	27,808,753	27,334,458	474,295	-
Total Operations Including Contingent -					
Within "CAPS"	27,929,753	27,808,753	27,334,458	474,295	-
Detail:					
Salaries & Wages	13,307,291	13,358,291	13,260,387	100,671	-
Other Expenses (Including Contingent)	14,622,462	14,450,462	14,074,071	373,624	-

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Balances Cancelled</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES					
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	\$ 550,000	\$ 550,000	\$ 547,982	\$ 2,018	
State Unemployment Insurance Fund	35,000	45,000	45,000	-	
Pension Adjustment Fund	2,000	2,000	-	2,000	
Police and Fireman's Retirement System	2,436,737	2,436,737	2,436,737	-	
Deferred Charge - Emergency Appropriation	625,000	625,000	625,000	-	
DCRP	-	14,000	14,000	-	
Public Employees Retirement System	778,415	875,415	875,214	201	-
Total Deferred Charges and Statutory expenditures -					
Municipal Within "CAPS"	4,427,152	4,548,152	4,543,933	4,219	-
Total General Appropriations within "CAPS"	32,356,905	32,356,905	31,878,391	478,514	-
OPERATIONS - EXCLUDED FROM "CAPS"					
Other Operations					
Passaic Valley Sewer Commission	1,813,000	1,813,000	1,812,297	703	
Maintenance of Free Public Library	965,699	965,699	965,699	-	
LOSAP	65,000	65,000	48,300	16,700	-
Total Other Operations-Excluded from CAPS	2,843,699	2,843,699	2,826,296	17,403	-
Additional Appropriations Offset by					
Revenues (N.J.S. 40A:4-45.3h)					
Body Armor		2,751	2,751		
Alcohol Education and Rehabilitation Fund		6,791	6,791		
NJ DEP Forestry Grant					
Click It or Ticket	500	500	500		
Clean Communities		49,874	49,874		
Municipal Alliance		11,508	11,508		
Recycling Tonnage Grant	5,332	5,332	5,332		
The Russell Berrie Foundation Grant					
Rec Youth Soccer Grant		17,000	17,000		
ARP recreation		160,000	160,000		
ROID Grant - Children with Disabilities		11,715	11,715		
Labor Day DWI Grant					
Body Worm Cameras	52,988	52,988	52,988		
Drive sober or get pulled over					
Distracted Driving Grant		10,500	10,500		
Mid Bergen Regional Health COVID 19 Grant		7,417	7,417		
Community Energy Plan		10,000	10,000		
CDBG senior		338,000	338,000		
American Rescue Plan		800,000	800,000		
ARP Recreation Family Development 2		80,000	80,000		
ARP Firefighter		22,326	22,326		
CDBG Vaccination support senior		17,968	17,968		
NPP Year 2		125,000	125,000		
Recycling Tonnage Grant		40,346	40,346		
Historical Commission		325	325		
UCF Trees		49,200	49,200		
COPS descalation		82,780	82,780		
Summer Food		109,380	109,380		
National Opoids Settlement		20,327	20,327		
LRIG	-	75,000	75,000	-	-
Total Appropriations Offset by Revenues					
(N.J.S. 40A:4-45.3h)	58,820	2,107,028	2,107,028	-	-
Total Operations - Excluded from "CAPS"	2,902,519	4,950,727	4,933,324	17,403	-
Detail:					
Salaries & Wages	-	-	-	-	-
Other Expenses	2,902,519	4,950,727	4,933,324	17,403	-

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

	<u>Appropriation</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balances</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Capital Improvement Fund	\$ 200,000	\$ 200,000	\$ 200,000	-	-
Total Capital Improvements	200,000	200,000	200,000	-	-
MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"					
Payment of Bond Principal	2,520,000	2,520,000	2,520,000		\$ -
Payment of BANs and Capital Notes	223,000	223,000	223,000		-
Interest on Bonds	768,040	768,040	768,039		1
Interest on Notes	102,000	101,000	48,891		52,109
Principal & Interest - DCA Loan					-
Principal & Interest - GSPT - Passaic River Park					-
Green Trust Loan Program:	51,148	52,148	51,349		799
Loan Repayments for Principal and Interest	9,223	9,223	9,223	-	-
Total Municipal Debt Service - Excluded from "CAPS"	3,673,411	3,673,411	3,620,502	-	52,909
Total General Appropriations for Municipal Purposes Excluded from "CAPS"	6,775,930	8,824,138	8,753,826	\$ 17,403	52,909
Subtotal General Appropriations	39,132,835	41,181,043	40,632,217	495,917	52,909
Reserve for Uncollected Taxes	2,000,000	2,000,000	2,000,000	-	-
Total General Appropriations	\$ 41,132,835	\$ 43,181,043	\$ 42,632,217	\$ 495,917	\$ 52,909
	<u>Reference</u>	A-2		A	
Adopted Budget	A-2	\$ 41,132,835			
Added by N.J.S. 40A:4-87	A-2	2,048,208			
		<u>\$ 43,181,043</u>			

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

	<u>Reference</u>	<u>Paid or Charged</u>
Cash Disbursements	A-4	\$ 36,589,076
Encumbrances Payable	A-13	1,311,113
Appropriated Grant Reserves	A-23	2,107,028
Deferred Charge	A-24	625,000
Reserve for Uncollected Taxes	A-2	<u>2,000,000</u>
		<u>\$ 42,632,217</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Animal Control Fund			
Cash	B-1	\$ 14,324	\$ 30,549
		<u>14,324</u>	<u>30,549</u>
Other Trust Fund			
Cash	B-1	3,294,922	4,247,279
Due from Current Fund	B-7	<u>264,495</u>	<u>-</u>
		<u>3,559,417</u>	<u>4,247,279</u>
Length of Service Award Program Fund (UNAUDITED)			
Investments	B	1,020,591	1,240,573
Contribution Receivable	B	<u>50,840</u>	<u>55,200</u>
		<u>1,071,431</u>	<u>1,295,773</u>
Total Assets		<u>\$ 4,645,172</u>	<u>\$ 5,573,601</u>
LIABILITIES AND RESERVES			
Animal Control Fund			
Reserve for Animal Control Expenditures	B-3	\$ 14,319	\$ 7,574
Due to State of New Jersey	B-2	5	-
Due to Current Fund	B-8	<u>-</u>	<u>22,975</u>
		<u>14,324</u>	<u>30,549</u>
Other Trust Fund			
N.J. Unemployment Compensation Insurance	B-4	121,881	29,068
Escrow Deposits	B-5	242,551	199,456
Miscellaneous Reserves	B-6	2,950,213	3,302,261
Payroll Deductions & Reserves	B-9	166,121	143,411
Due to Current Fund	B-7	-	463,070
Due to State of New Jersey	B-10	<u>78,651</u>	<u>110,013</u>
		<u>3,559,417</u>	<u>4,247,279</u>
Length of Service Award Program Fund (UNAUDITED)			
Reserve for LOSAP Benefits	B	<u>1,071,431</u>	<u>1,295,773</u>
Total Liabilities and Reserves		<u>\$ 4,645,172</u>	<u>\$ 5,573,601</u>

Accompanying Notes are an Integral Part of these Financial Statements

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Cash	C-2,C-3	\$ 3,420,353	\$ 3,889,173
Grants Receivable	C-5	10,647,265	6,884,603
Deferred Charges to Future Taxation			
Funded	C-6	27,915,359	30,445,683
Unfunded	C-7	<u>20,534,418</u>	<u>11,085,407</u>
Total Assets		<u>\$ 62,517,395</u>	<u>\$ 52,304,866</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Serial Bonds Payable	C-9	\$ 27,412,000	\$ 29,932,000
Green Acres Loan Payable	C-10	494,491	495,947
Department of Community Affairs Loan Payable	C-11	8,868	17,736
Bond Anticipation Notes Payable	C-12	6,267,850	3,925,000
Improvement Authorizations:			
Funded	C-8	2,473,533	1,888,630
Unfunded	C-8	5,339,228	5,125,440
Contracts Payable	C-13	13,133,437	2,331,994
Due to Current Fund	C-4	336,094	20,665
Capital Improvement Fund	C-14	396,155	390,355
Reserve for Grants Receivable	C-5	4,841,436	6,754,199
Reserve for Payment of Debt	C-15	777,240	413,805
Reserve for Future Improvements	C-16	217,982	202,618
Fund Balance	C-1	<u>819,081</u>	<u>806,477</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 62,517,395</u>	<u>\$ 52,304,866</u>

Bonds and Notes Authorized But Not Issued at December 31, 2022 and 2021 were \$14,458,929 and \$7,160,407, respectively, (Exhibit C-17).

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	C	\$ 806,477	\$ 715,373
Increased by:			
Cancelled Improvement Authorizations	C-1	249,358	
Premium on Sale of Bonds and Notes	C-2	<u>63,246</u>	<u>91,104</u>
		1,119,081	806,477
Decreased by:			
Current Fund Budgeted Revenue Realized	C-1	<u>300,000</u>	<u>-</u>
Balance, December 31	C	<u>\$ 819,081</u>	<u>\$ 806,477</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Operating Fund			
Cash	D-5	\$ 2,530,196	\$ 5,185,496
Cash - Change Fund	D-5	100	100
Due from Water Utility Capital Fund	D-7		241
Due from Current Fund	D-28	<u>500,000</u>	<u>-</u>
		<u>3,030,296</u>	<u>5,185,837</u>
Receivables and Other Assets With Full Reserves			
Consumer Accounts Receivable	D-16	<u>1,123,826</u>	<u>546,700</u>
		<u>1,123,826</u>	<u>546,700</u>
Deferred Charges			
Operating Deficit	D-1	727,319	-
Emergency Authorization	D-4	<u>-</u>	<u>125,000</u>
Total Operating Fund		<u>4,881,441</u>	<u>5,857,537</u>
Capital Fund			
Cash	D-5, D-6	1,826,146	3,841,647
Loan Receivable - NJ Environmental Infrastructure	D-8	-	27,397
Fixed Capital	D-9	22,288,682	21,708,682
Fixed Capital Authorized and Uncompleted	D-10	8,400,000	5,470,000
Due from Current Fund	D-26	<u>-</u>	<u>51,046</u>
Total Capital Fund		<u>32,514,828</u>	<u>31,098,772</u>
Total Assets		<u>\$ 37,396,269</u>	<u>\$ 36,956,309</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Operating Fund			
Appropriation Reserves	D-4, D-22	\$ 340,417	\$ 33,056
Encumbrances Payable	D-23	349,421	383,731
Accrued Interest on Bonds, Notes and Loans	D-15	75,145	49,147
Accounts Payable	D-27	7,000	15,000
Emergency Note Payable	D-31	500,000	500,000
Due to Current Fund	D-28	<u>-</u>	<u>506,271</u>
		1,271,983	1,487,205
Reserve for Receivables	D	1,123,826	546,700
Fund Balance	D-1	<u>2,485,632</u>	<u>3,823,632</u>
Total Operating Fund		<u>4,881,441</u>	<u>5,857,537</u>
Capital Fund			
Serial Bonds Payable	D-19	2,403,000	2,753,000
Intergovernmental Loan Payable	D-20	748,712	1,087,572
Bond Anticipation Notes Payable	D-21	3,227,150	4,278,000
Improvement Authorizations			
Funded	D-14	228,556	399,565
Unfunded	D-14	966,434	1,447,569
Contracts Payable	D-24	2,968,659	1,705,565
Capital Improvement Fund	D-17	8,400	8,400
Due to Water Utility Operating Fund	D-7	-	241
Reserve for:			
Amortization	D-11	17,038,161	15,298,451
Deferred Amortization	D-12	4,456,659	3,601,659
Payment of Debt	D-13	167,655	167,655
Preliminary Engineering Expenses	D-18	10,000	10,000
Infrastructure and Rate Stabilization	D-25	30,000	30,000
Lead Line Replacement	D-29	220,000	220,000
Fund Balance	D-2	<u>41,442</u>	<u>91,095</u>
Total Capital Fund		<u>32,514,828</u>	<u>31,098,772</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 37,396,269</u>	<u>\$ 36,956,309</u>

Bonds and notes authorized but not issued at December 31, 2022 and 2021 were \$2,815,000 and \$160,000, respectively. (Exhibit D-30)

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized			
Surplus Anticipated	D-3	\$ 1,338,000	\$ 200,000
Rents	D-3	1,981,177	3,237,001
Other Credits to Income			
Non-Budget Revenue	D-3	43,558	44,930
Cancelled Prior Year Accounts Payable	D-1	8,000	-
Unexpended Balance of Appropriation Reserves	D-22	<u>126,902</u>	<u>608,837</u>
		<u>3,497,637</u>	<u>4,090,768</u>
Expenditures			
Operating	D-4	2,172,860	2,092,297
Debt Service	D-4	1,903,096	900,158
Deferred Charges and Statutory Expenditures	D-4	149,000	27,203
Surplus (General Budget)	D-4	<u>-</u>	<u>500,000</u>
		<u>4,224,956</u>	<u>3,519,658</u>
Excess (Deficit) of Revenues Over Expenditures		(727,319)	571,110
Adjustments to Income before Fund Balance:			
Expenditures Included Above which by Statute are			
Required to be Raised in Succeeding Year's Budget		<u>727,319</u>	<u>125,000</u>
Statutory Excess to Fund Balance		-	696,110
Fund Balance, January 1	D	<u>3,823,632</u>	<u>3,327,522</u>
		3,823,632	4,023,632
Decreased by Utilization as Anticipated Revenue	D-3	<u>1,338,000</u>	<u>200,000</u>
Fund Balance, December 31	D	<u>\$ 2,485,632</u>	<u>\$ 3,823,632</u>

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
Balance, January 1	D	\$ 91,095	\$ 91,095
Increased by:			
Cancelled Improvement Authorization Balance	D-14	180	
Premium on Sale of Bonds and Notes	D-5	<u>32,564</u>	<u>-</u>
		<u>123,839</u>	<u>91,095</u>
Decreased by:			
Appropriated for Improvement Authorization	D-14	55,000	
Cancelled Loan Receivable	D-8	<u>27,397</u>	<u>-</u>
Balance, December 31	D	<u>\$ 41,442</u>	<u>\$ 91,095</u>

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

	<u>Reference</u>	<u>Anticipated</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Surplus Anticipated	D-1	\$ 1,338,000	\$ 1,338,000	
Rents	D-1,D-16	<u>3,394,710</u>	<u>1,981,177</u>	<u>\$ (1,413,533)</u>
		<u>\$ 4,732,710</u>	<u>\$ 3,319,177</u>	<u>\$ (1,413,533)</u>
Non-Budget	D-1		<u>43,558</u>	
			<u>\$ 3,362,735</u>	

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

	<u>Appropriation</u>		<u>Expended</u>		
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating					
Salaries and Wages	\$ 312,860	\$ 312,860	\$ 260,122	\$ 52,738	
Other Expenses	1,635,000	1,635,000	1,353,243	281,757	
Employee Group Insurance	225,000	225,000	225,000		
Debt Service					
Bond Principal	350,000	350,000	350,000		
Payment of Bond Anticipation Notes	1,050,850	1,050,850	1,050,850		\$ -
Interest on Bonds	83,000	87,000	82,931		4,069
Interest on Notes	62,000	54,000	54,000		-
2004 EIT Loan	365,000	369,000	365,315		3,685
Deferred Charges					
Emergency Authorization	125,000	125,000	125,000		
Statutory Expenditures					
Social Security System (O.A.S.I.)	24,000	24,000	18,078	5,922	
Surplus (General Budget)	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
	<u>\$ 4,732,710</u>	<u>\$ 4,732,710</u>	<u>\$ 3,884,539</u>	<u>\$ 340,417</u>	<u>\$ 507,754</u>
<u>Reference</u>					
Cash Disbursed	D-5		\$ 3,246,732		
Encumbrances Payable	D-23		349,421		
Deferred Charges	D-7		125,000		
Accrued Interest on Bonds, Notes and Loans	D-15		<u>163,386</u>		
			<u>\$ 3,884,539</u>		

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

	<u>Reference</u>	<u>2022</u>	<u>2021</u>
ASSETS			
Land		\$ 20,973,979	\$ 20,827,354
Buildings and Building Improvements		20,142,074	20,068,416
Machinery and Equipment		<u>17,384,794</u>	<u>16,604,109</u>
Total Assets	E	<u>\$ 58,500,847</u>	<u>\$ 57,499,879</u>
LIABILITIES AND RESERVES			
Investment in General Fixed Assets	E	<u>\$ 58,500,847</u>	<u>\$ 57,499,879</u>

NOTES TO FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Garfield (the "City") was incorporated in 1917 and operates under a council-manager form of government. The City is governed by a five-member council, who are elected at-large in nonpartisan elections to serve four year terms on a concurrent basis. Upon each election, the Council selects one of its members to serve as Mayor and another to serve as Deputy Mayor. A City Manager is appointed by the Mayor and Council and is responsible for the implementation of the policies of the governing body, for the administration of all City affairs and for the day to day operations of the City. The City's major operations include public safety, road repair and maintenance, sanitation, fire protection, recreation and parks, health services, and general administrative services.

GASB requires the financial reporting entity to include both the primary government and component units. Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City is not includable in any other reporting entity as a component unit.

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

B. Description of Regulatory Basis of Accounting

The financial statements of the City of Garfield have been prepared on a basis of accounting in conformity with accounting principles and practices prescribed or permitted by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the fund structure required by GAAP.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

The City has the following funds and account group:

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

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

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

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

Length of Service Award Program Fund (LOSAP) – This fund is established to account for the tax-deferred income benefits to active volunteer members of emergency service organizations of the City.

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

Financial Statements – Regulatory Basis

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

D. Measurement Focus and Basis of Accounting

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

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

Cash and Investments - Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. Investments are reported at cost and are limited by N.J.S.A. 40A:5-15.1 et seq. with the exception of LOSAP Trust Fund investments which are reported at fair value and are limited by N.J.A.C. 5:30-14.19. GAAP requires that all investments be reported at fair value.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves, which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve for interfunds and, therefore, does not recognize income in the year liquidated.

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

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

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

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

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

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

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

Operating Deficits - Deficits resulting from expenditures and other debits which exceed cash revenues, other realized revenues and credits to income in such fiscal year are recorded as deferred charges on the balance sheet of the respective operating fund at year end and are required to be funded in the succeeding year's budget. GAAP does not permit the deferral of operating deficits at year end.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and sewerage and drainage systems are not capitalized.

General Fixed Assets purchased after December 31, 2008 are stated as cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 2008 are stated as follows:

Land and Buildings	Assessed Value
Machinery and Equipment	Replacement Cost

No depreciation has been provided for in the financial statements.

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

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

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

Trust Funds
General Capital Fund
Water Utility Capital Fund

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

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

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

The governing body is required to introduce and approve the annual budget no later than February 10, of the fiscal year. The budget is required to be adopted no later than March 20, and prior to adoption must be certified by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. The Director of the Division of Local Government Services, with the approval of the Local Finance Board may extend the introduction and approval and adoption dates of the municipal budget. The budget is prepared by fund, function, activity and line item (salary or other expense) and includes information on the previous year. The legal level of control for appropriations is exercised at the individual line item level for all operating budgets adopted. The governing body of the municipality may authorize emergency appropriations and the inclusion of certain special items of revenue to the budget after its adoption and determination of the tax rate. During the last two months of the fiscal year, the governing body may, by a 2/3 vote; amend the budget through line item transfers. Management has no authority to amend the budget without the approval of the governing body. Expenditures may not legally exceed budgeted appropriations at the line item level. During 2022 and 2021 the City Council increased the original current fund budget by \$2,048,208 and \$3,457,681. The increase for 2022 was funded by additional aid allotted to the City. The increase for 2021 was the result of an emergency appropriation for the Hurricane Ida damages along with additional aid allotted to the City. In addition, the governing body approved several budget transfers during 2022 and 2021.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS

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

A. Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At December 31, 2022 and 2021, the book value of the City's deposits were \$24,017,187 and \$30,944,921 and bank and brokerage firm balances of the City's deposits amounted to \$25,796,686 and \$31,466,402, respectively. The City's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Insured	\$ 22,361,047	\$ 27,030,080
Uninsured and Collateralized	3,435,639	4,436,322
	<u>\$ 25,796,686</u>	<u>\$ 31,466,402</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. As of December 31, 2022 and 2021, the City's bank balances were not exposed to custodial credit risk.

B. Investments

The City is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 40A:5-15.1. Investments include bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the City or bonds or other obligations of the school districts which are a part of the City or school districts located within the City, Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school district, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investments in the Department of the Treasury for investment by local units; Local Government investment pools, deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with NJSA 40A:5-15.1 (8a-8e). In addition, the City is permitted to invest LOSAP Funds with the types of eligible investments authorized in NJAC 5:30-14.19. LOSAP investments include interest bearing accounts or securities, in which savings banks of New Jersey are authorized to invest their funds, New Jersey Cash Management Fund, fixed and variable individual or group annuity contracts, mutual fund shares or fixed and variable life insurance contracts.

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

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

As of December 31, 2022 and 2021 the City had the following investments:

	<u>Fair Value</u>	
	<u>2022</u>	<u>2021</u>
Investment:		
Length of Service Award Program Fund (LOSAP) unaudited	\$ 1,020,591	\$ 1,240,573

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by an outside party. The City does not have a policy for custodial credit risk. As of December 31, 2022 and 2021, \$1,020,591 and \$1,240,573 of the City’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value (LOSAP)</u>	
	<u>2022</u>	<u>2021</u>
Uninsured and Collateralized:		
Collateral held by pledging financial institution's trust department but not in the City's name (Unaudited)	\$ 1,020,591	\$ 1,240,573

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and N.J.A.C. 5:30-14.19). The City does not have an investment policy that would further limit its investment choices. As of December 31, 2022 and 2021, the City’s investment in Lincoln Financial Group was rated A1 by Moody’s Investor Services.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the City’s investment in a single issuer. The City places no limit in the amount the City may invest in any one issuer. More than five (5) percent of the City’s investments are in Lincoln Financial Group. These investments are 100% of the City’s total investments.

Fair Value of Investments. The City of Garfield measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than those in Level 1; and
- *Level 3:* Unobservable inputs.

Investments are valued based on price data obtained from observed transactions and market price quotations provided by Lincoln Financial Group. Since the value is not obtained from a quoted price in an active market the investments held by the City at December 31, 2022 and 2021 are categorized as Level 2.

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

NOTE 4 TAXES AND UTILITY CHARGES AND FEES RECEIVABLE

Receivables at December 31, 2022 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2022</u>			
Property Taxes	\$ 1,029,195		\$ 1,029,195
Tax Title Liens	663,666		663,666
Utility Rents	<u>-</u>	<u>\$ 1,123,826</u>	<u>1,123,826</u>
	<u>\$ 1,692,861</u>	<u>\$ 1,123,826</u>	<u>\$ 2,816,687</u>

In 2022, the City collected \$993,906 and \$546,700 from delinquent taxes and utility charges and fees, which represented 58% and 100% of the delinquent tax and water charges receivable at December 31, 2021.

Receivables at December 31, 2021 consisted of the following:

	<u>Current</u>	<u>Water Utility</u>	<u>Total</u>
<u>2021</u>			
Property Taxes	\$ 1,114,246		\$ 1,114,246
Tax Title Liens	598,323		598,323
Utility Rents	<u>-</u>	<u>\$ 546,700</u>	<u>546,700</u>
	<u>\$ 1,712,569</u>	<u>\$ 546,700</u>	<u>\$ 2,259,269</u>

In 2021, the City collected \$869,609 and \$303,905 from delinquent taxes and utility charges and fees, which represented 56% and 56% of the delinquent tax and water charges receivable at December 31, 2020.

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

NOTE 5 DUE TO/FROM OTHER FUNDS

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

	<u>2022</u>		<u>2021</u>	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Current Fund	\$ 336,094	\$ 764,495	\$ 1,012,981	\$ 51,046
Trust Funds:				
Animal Control				22,975
Other Trust	264,495			463,070
General Capital Fund		336,094		20,665
Water Utility Fund:				
Operating	500,000		241	506,271
Capital	-	-	51,046	241
	<u>-</u>	<u>-</u>	<u>51,046</u>	<u>241</u>
Total	<u>\$ 1,100,589</u>	<u>\$ 1,100,589</u>	<u>\$ 1,064,268</u>	<u>\$ 1,064,268</u>

The above balances are the result of expenditures being paid by one fund on behalf of another.

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

NOTE 6 DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Under the regulatory basis of accounting, certain expenditures are required to be deferred to budgets of succeeding years. At December 31, the following deferred charges are reported on the balance sheets of the following funds:

	<u>Balance, December 31,</u>	<u>Subsequent Year Budget Appropriation</u>	<u>Balance to Succeeding Budgets</u>
<u>2022</u>			
Water Utility			
Operating Deficit	\$727,319	\$199,006	\$528,313

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

NOTE 7 FUND BALANCES APPROPRIATED

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

	2022		2021	
	Fund Balance December 31,	Utilized in Subsequent Year's Budget	Fund Balance December 31,	Utilized in Subsequent Year's Budget
Current Fund				
Cash Surplus	\$ 6,961,157	\$ 4,949,006	\$ 6,161,589	\$ 3,964,000
Non-Cash Surplus	1,158,887	-	908,916	-
	<u>\$ 8,120,044</u>	<u>\$ 4,949,006</u>	<u>\$ 7,070,505</u>	<u>\$ 3,964,000</u>
Water Utility Operating Fund				
Cash Surplus	\$ 1,758,313	\$ 1,758,313	\$ 3,823,632	\$ 1,338,000
Non-Cash Surplus	727,319	-	-	-
	<u>\$ 2,485,632</u>	<u>\$ 1,758,313</u>	<u>\$ 3,823,632</u>	<u>\$ 1,338,000</u>

NOTE 8 FIXED ASSETS

A. General Fixed Assets

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

	Balance, December 31, 2021	Increases	Decreases	Balance, December 31, 2022
2022				
Land	\$ 20,827,354	\$ 146,625		\$ 20,973,979
Buildings and Building Improvements	20,068,416	73,658		20,142,074
Machinery and Equipment	16,604,109	780,685	\$ -	17,384,794
	<u>\$ 57,499,879</u>	<u>\$ 1,000,968</u>	<u>\$ -</u>	<u>\$ 58,500,847</u>
	Balance, December 31, 2020	Increases	Decreases	Balance, December 31, 2021
2021				
Land	\$ 20,827,354	\$ -		\$ 20,827,354
Buildings and Building Improvements	20,029,543	38,873		20,068,416
Machinery and Equipment	15,802,833	801,276	-	16,604,109
	<u>\$ 56,659,730</u>	<u>\$ 840,149</u>	<u>\$ -</u>	<u>\$ 57,499,879</u>

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

NOTE 8 FIXED ASSETS (Continued)

B. Water Utility Fund Fixed Assets (Continued)

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

	Balance, December 31, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2022</u>
Water Utility Fund				
<u>2022</u>				
Fixed Capital				
System and System Improvements	\$ 14,513,135	\$ 580,000		\$ 15,093,135
Building and Building Improvements	240,648			240,648
Vehicles and Equipment	224,899			224,899
Replacement of Pumping Station and Water Storage Tanks	<u>6,730,000</u>	<u>-</u>	<u>-</u>	<u>6,730,000</u>
	<u>\$ 21,708,682</u>	<u>\$ 580,000</u>	<u>\$ -</u>	<u>\$ 22,288,682</u>
	Balance, December 31, <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2021</u>
Water Utility Fund				
<u>2021</u>				
Fixed Capital				
System and System Improvements	\$ 14,513,135			\$ 14,513,135
Building and Building Improvements	240,648			240,648
Vehicles and Equipment	224,899			224,899
Replacement of Pumping Station and Water Storage Tanks	<u>6,730,000</u>	<u>-</u>	<u>-</u>	<u>6,730,000</u>
	<u>\$ 21,708,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,708,682</u>

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

NOTE 9 MUNICIPAL DEBT

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

The City's debt is summarized as follows:

	<u>2022</u>	<u>2021</u>
Issued		
General		
Bonds, Notes and Loans	\$ 34,183,209	\$ 34,370,683
Water Utility		
Bonds, Notes and Loans	<u>6,378,862</u>	<u>8,118,572</u>
	40,562,071	42,489,255
Less Funds Temporarily Held to Pay Bonds and Notes	<u>1,137,256</u>	<u>581,460</u>
Net Debt Issued	39,424,815	41,907,795
Authorized But Not Issued		
General		
Bonds and Notes	14,458,929	7,160,407
Water Utility		
Bonds and Notes	<u>2,815,000</u>	<u>160,000</u>
Net Bonds and Notes Issued and Authorized But Not Issued	<u>\$ 56,698,744</u>	<u>\$ 49,228,202</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

Statutory Net Debt

The statement of debt condition that follows is in the format of the City's Annual Debt Statement and indicates a statutory net debt of 1.902% and 1.488% at December 31, 2022 and 2021, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2022</u>			
General Debt	\$ 48,642,138	\$ 969,601	\$ 47,672,537
Utility Debt	<u>9,193,862</u>	<u>167,655</u>	<u>9,026,207</u>
Total	<u>\$ 57,836,000</u>	<u>\$ 1,137,256</u>	<u>\$ 56,698,744</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2021</u>			
General Debt	\$ 41,531,090	\$ 413,805	\$ 41,117,285
Utility Debt	<u>8,278,572</u>	<u>8,278,572</u>	<u>-</u>
Total	<u>\$ 49,809,662</u>	<u>\$ 8,692,377</u>	<u>\$ 41,117,285</u>

Statutory Borrowing Power

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

	<u>2022</u>	<u>2021</u>
3-1/2% of Equalized Valuation Basis (Municipal)	\$ 104,285,921	\$ 96,984,058
Net Debt	<u>56,698,744</u>	<u>41,117,285</u>
Remaining Borrowing Power	<u>\$ 47,587,177</u>	<u>\$ 55,866,773</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt

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

General Obligation Bonds

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

	<u>2022</u>	<u>2021</u>
\$7,287,000, 2013 Bonds, due in annual installments of \$530,000 to \$540,000 through October 15, 2028, interest at 3.00% to 3.50%	\$ 3,207,000	\$ 3,732,000
\$6,830,000, 2016 Bonds, due in annual installments of \$360,000 through August 15, 2036, interest at 2.00% to 2.75%	5,040,000	5,400,000
\$5,415,000, 2017 Refunding Bonds, due in annual installments of \$900,000 to \$905,000 through March 1, 2024, interest at 4.00%	1,805,000	2,705,000
\$9,250,000 2018 Bonds, due in annual installments of \$380,000 to \$630,000 through August 15, 2038, interest at 3.25%.	7,865,000	8,235,000
\$9,860,000 2021 Bonds, due in annual installments of \$375,000 to \$730,000 through October 15, 2036, interest at 1.00% to 2.00%.	9,495,000	9,860,000
	<u>\$ 27,412,000</u>	<u>\$ 29,932,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

General Intergovernmental Loans Payable

The City has entered into a loan agreements with the State of New Jersey for the financing relating to the 20th Century Field, Passaic River Historic Parks and Emergency Generator Projects. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
\$422,500, 2007 Loan due in Semi-annual installments of \$11,892 to \$13,006 through October 4, 2027, interest at 2.0%	\$ 124,416	\$ 147,849
\$400,000 2018 Loan due in semi-annual installments of \$9,136 to \$12,314 through February 10, 2038, interest at 2%	330,097	348,098
\$39,978 2022 Loan due in semi-annual installments of \$843 to \$1,231 through February 4, 2042, interest at 2%	39,978	-
\$88,680 2013 Loan due in annual installments of \$8,868 through January 18, 2023, interest at 2%	<u>8,868</u>	<u>17,736</u>
	<u>\$ 503,359</u>	<u>\$ 513,683</u>

Utility Bonds

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

Water Utility

	<u>2022</u>	<u>2021</u>
\$3,003,000, 2013 Bonds, due in annual installments of \$220,000 to \$260,000 through October 15, 2028, interest at 3.00% to 3.50%	\$ 1,468,000	\$ 1,678,000
\$820,000 2015 Refunding Bonds, due in annual installments of \$65,000 to \$70,000 through July 15, 2026, interest at 2.00% to 3.00%	265,000	335,000
\$975,000 2017 Refunding Bonds, due in annual installments of \$70,000 to \$410,000 through March 1, 2028, interest at 3.00% to 4.00%	<u>670,000</u>	<u>740,000</u>
	<u>\$ 2,403,000</u>	<u>\$ 2,753,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Water Utility Intergovernmental Loans Payable

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

Water Utility

	<u>2022</u>	<u>2021</u>
\$3,075,000, 2004 Environmental Infrastructure Trust Loan due in annual installments of \$209,572 to \$213,594 through September, 2024, interest at 3.0% to 5.0%	\$ 423,167	\$ 600,478
 \$3,050,000, 2004 Environmental Infrastructure Fund Loan due in semi-annual installments of \$3,379 to \$157,825 through September, 2024, interest free.	 325,545	 487,094
	<u>\$ 748,712</u>	<u>\$ 1,087,572</u>

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

Calendar Year	<u>General Bonds</u>		<u>General Loans</u>		<u>Water Utility Bonds</u>		<u>Water Utility Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 2,545,000	\$ 693,413	\$ 52,829	\$ 9,849	\$ 360,000	\$ 75,318	\$ 373,913	\$ 16,927	\$ 4,127,249
2024	2,560,000	618,113	44,844	8,787	365,000	64,343	374,799	8,544	4,044,430
2025	2,025,000	558,615	45,745	7,887	435,000	52,099			3,124,346
2026	2,035,000	510,658	46,665	6,967	435,000	38,462			3,072,752
2027	2,055,000	461,708	47,603	6,482	405,000	24,655			3,000,448
2028-2030	5,187,000	1,092,707	67,813	12,474	403,000	11,204			6,774,198
2031-2035	8,085,000	1,032,750	122,421	14,376					9,254,547
2036-2042	2,920,000	144,753	75,439	2,900	-	-	-	-	3,143,092
	<u>\$ 27,412,000</u>	<u>\$ 5,112,717</u>	<u>\$ 503,359</u>	<u>\$ 69,722</u>	<u>\$ 2,403,000</u>	<u>\$ 266,081</u>	<u>\$ 748,712</u>	<u>\$ 25,471</u>	<u>\$ 36,541,062</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

A. Long-Term Debt (Continued)

Changes in Long-Term Municipal Debt

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

	Balance, December 31, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2022</u>	Due Within <u>One Year</u>
<u>2022</u>					
General Capital Fund					
Bonds Payable	\$ 29,932,000		\$ 2,520,000	\$ 27,412,000	\$ 2,545,000
Intergovernmental Loans	<u>513,683</u>	<u>\$ 39,978</u>	<u>50,302</u>	<u>503,359</u>	<u>52,829</u>
General Capital Fund Long-Term Liabilities	<u>\$ 30,445,683</u>	<u>\$ 39,978</u>	<u>\$ 2,570,302</u>	<u>\$ 27,915,359</u>	<u>\$ 2,597,829</u>
Water Utility Capital Fund					
Bonds Payable	\$ 2,753,000		\$ 350,000	\$ 2,403,000	\$ 360,000
Intergovernmental Loans	<u>1,087,572</u>	<u>-</u>	<u>338,860</u>	<u>748,712</u>	<u>373,913</u>
Water Utility Capital Fund Long Term Liabilities	<u>\$ 3,840,572</u>	<u>-</u>	<u>\$ 688,860</u>	<u>\$ 3,151,712</u>	<u>\$ 733,913</u>
	Balance, December 31, <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2021</u>	Due Within <u>One Year</u>
<u>2021</u>					
General Capital Fund					
Bonds Payable	\$ 22,202,000	\$ 9,860,000	\$ 2,130,000	\$ 29,932,000	\$ 2,520,000
Intergovernmental Loans	<u>563,168</u>	<u>-</u>	<u>49,485</u>	<u>513,683</u>	<u>50,301</u>
General Capital Fund Long-Term Liabilities	<u>\$ 22,765,168</u>	<u>\$ 9,860,000</u>	<u>\$ 2,179,485</u>	<u>\$ 30,445,683</u>	<u>\$ 2,570,301</u>
Water Utility Capital Fund					
Bonds Payable	\$ 3,098,000		\$ 345,000	\$ 2,753,000	\$ 350,000
Intergovernmental Loans	<u>1,418,330</u>	<u>-</u>	<u>330,758</u>	<u>1,087,572</u>	<u>338,860</u>
Water Utility Capital Fund Long Term Liabilities	<u>\$ 4,516,330</u>	<u>-</u>	<u>\$ 675,758</u>	<u>\$ 3,840,572</u>	<u>\$ 688,860</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt

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

Bond Anticipation Notes

	Rate (%)	Maturity Date	Balance, December 31, 2021	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2022
<u>2022</u>						
<u>General Capital Fund</u>						
Suppl. - Elevator at Library	3.75%	8/4/2023		\$ 216,646		\$ 216,646
Construction of Passaic River Park & Bikeway Project	1.00%	8/5/2022	\$ 1,988,900		\$ 1,988,900	-
	3.75%	8/4/2023	-	1,893,871		1,893,871
Various Improvements to Grand Street	1.00%	8/5/2022	450,000		450,000	-
	3.75%	8/4/2022	-	402,631		402,631
Replacement of the Synthetic Turf Athletic Field at Lafaso	1.00%	8/5/2022	217,888		217,888	-
	3.75%	8/4/2023	-	192,361		192,361
Monroe Street Improvements and Midland Avenue Curb and	1.00%	8/5/2022	624,915		624,915	-
	3.75%	8/4/2023		592,024		592,024
Rehabilitation of Jewell Street Playground	1.00%	8/5/2022	475,000		475,000	-
	3.75%	8/4/2023		458,620		458,620
Improvements to the Library	1.00%	8/5/2022	168,297		168,297	-
	3.75%	8/4/2023		163,607		163,607
Installation of a Special Needs Playground	3.75%	8/4/2023		11,090		11,090
Acquisition of the Rights to Rail Line on Monroe Street	3.75%	8/4/2023		100,000		100,000
2021 Road Improvement Program	3.75%	8/4/2023		1,280,000		1,280,000
Basketball Court Improvements at Fire House #3	3.75%	8/4/2023		57,000		57,000
Various Improvements to Semel Avenue	3.75%	8/4/2023		500,000		500,000
2022 Road Improvement Program	3.75%	8/4/2023	-	400,000	-	400,000
Total General Capital Fund			<u>\$ 3,925,000</u>	<u>\$ 6,267,850</u>	<u>\$ 3,925,000</u>	<u>\$ 6,267,850</u>
<u>Water Utility Capital Fund</u>						
Water Utility Improvements	1.00%	8/5/2022	\$ 861,974		\$ 861,974	
Improvements to Wells 1, 1A and 2	1.00%	8/5/2022	230,886		230,886	
	3.75%	8/4/2023		154,304		\$ 154,304
Repair and Replace Water Meters and Acquisition of Fire Hydrants	1.00%	8/5/2022	106,217		106,217	-
Various Improvements to Reactivate Well No.8C	1.00%	8/5/2022	232,025		232,025	-
	3.75%	8/4/2023		229,050		229,050
Installation and Activation of Well No.2R	1.00%	8/5/2022	241,898		241,898	-
	3.75%	8/4/2023		238,796		238,796
Various Well Improvement	1.00%	8/5/2022	900,000		900,000	-
	3.75%	8/4/2023		900,000		900,000
Various Public Improv., New Equip and Vehicle	1.00%	8/5/2022	750,000		750,000	-
	3.75%	8/4/2023		750,000		750,000
Various Public Improvements	1.00%	8/5/2022	580,000		580,000	-
	3.75%	8/4/2023		580,000		580,000
Water Infrastructure Improvements	1.00%	8/5/2022	375,000		375,000	-
	3.75%	8/4/2023	-	375,000	-	375,000
Total Water Utility Capital Fund			<u>\$ 4,278,000</u>	<u>\$ 3,227,150</u>	<u>\$ 4,278,000</u>	<u>\$ 3,227,150</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

	Rate (%)	Maturity Date	Balance, December 31, 2020	Renewed/ Issued	Retired/ Redeemed	Balance, December 31, 2021
<u>2021</u>						
<u>General Capital Fund</u>						
Demolition and Removal of Old Firehouse No. 4	0.19%	10/19/2021	\$ 63,800	\$ 63,800	\$ 127,600	\$ -
Acquisition of Parking Permit Enforcement Equipment	0.19%	10/19/2021	60,000	60,000	120,000	-
Acquisition and Installation of Playground Equipment	0.19%	10/19/2021	23,800	23,800	47,600	-
Installation of an Elevator in the Public Library	0.19%	10/19/2021	88,054	88,054	176,108	-
Tree Planting Program	0.19%	10/19/2021	120,000	120,000	240,000	-
2018 Comprehensive Infrastructure Improvement Program	0.19%	10/19/2021	1,095,000	1,095,000	2,190,000	-
Acquisition of a Passenger Bus	0.19%	10/19/2021	57,000	57,000	114,000	-
Acquisition of a Sewer Jet Vac	0.19%	10/19/2021	407,600	407,600	815,200	-
Improvement to Fire House No. 2	0.19%	10/19/2021	238,000	238,000	476,000	-
Suppl. - Comprehensive Infrastructure Imprvt Program	0.19%	10/19/2021	323,000	323,000	646,000	-
Suppl. - Elevator at Library	0.19%	10/19/2021	300,000	265,000	565,000	-
Suppl/- New Police HQ	0.19%	10/19/2021	923,000	923,000	1,846,000	-
Various Improvement to Fleishers Brook	0.19%	10/19/2021	32,800	32,800	65,600	-
Construction of Passaic River Park & Bikeway Project	1.00%	8/5/2022	1,988,900	1,988,900	1,988,900	1,988,900
2019 Road Program & Barrier Free Impvts to City Hall	0.19%	10/19/2021	210,000	212,834	422,834	-
Various Improvements to Grand Street	0.19%	10/19/2021	900,000	450,000	1,350,000	-
	1.00%	8/5/2022		450,000		450,000
Acquisition of New Fire Engine	0.19%	10/19/2021	880,000	880,000	1,760,000	-
Various Public Improvements and the Acquisition of New	0.19%	10/19/2021	1,178,000	1,178,000	2,356,000	-
Design, Permit and Property Acquisition Phases of River	0.19%	10/19/2021	300,000	300,000	600,000	-
2020 Road Improvement Program	0.19%	10/19/2021	1,140,000	1,140,000	2,280,000	-
Replacement of the Synthetic Turf Athletic Field at Lafa	0.19%	10/19/2021	485,000	267,112		
	1.00%	8/5/2022		217,888	752,112	217,888
Monroe Street Improvements and Midland Avenue Curb	1.00%	8/5/2022	-	624,915		624,915
Rehabilitation of Jewell Street Playground	1.00%	8/5/2022	-	475,000		475,000
Improvements to the Library	1.00%	8/5/2022	-	168,297	-	168,297
Total General Capital Fund			<u>\$ 10,813,954</u>	<u>\$ 12,050,000</u>	<u>\$ 18,938,954</u>	<u>\$ 3,925,000</u>
<u>Water Utility Capital Fund</u>						
Water Utility Improvements	1.00%	8/5/2022	\$ 885,918	\$ 861,974	\$ 885,918	\$ 861,974
Improvements to Wells 1, 1A and 2	1.00%	8/5/2022	233,924	230,886	233,924	230,886
Repair and Replace Water Meters and Acquisition of Fire Hydrants	1.00%	8/5/2022	124,204	106,217	124,204	106,217
Various Improvements to Reactivate Well No.8C	1.00%	8/5/2022	235,000	232,025	235,000	232,025
Installation and Activation of Well No.2R	1.00%	8/5/2022	245,000	241,898	245,000	241,898
Various Well Improvement	1.00%	8/5/2022	900,000	900,000	900,000	900,000
Various Public Improv., New Equip and Vehicle	1.00%	8/5/2022	750,000	750,000	750,000	750,000
Various Public Improvements	1.00%	8/5/2022	-	580,000		580,000
Water Infrastructure Improvements	1.00%	8/5/2022	-	375,000	-	375,000
Total Water Utility Capital Fund			<u>\$ 3,374,046</u>	<u>\$ 4,278,000</u>	<u>\$ 3,374,046</u>	<u>\$ 4,278,000</u>

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

NOTE 9 MUNICIPAL DEBT (Continued)

B. Short-Term Debt (Continued)

Bond Anticipation Notes (Continued)

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

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

NOTE 10 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	<u>Capital Project</u>	<u>Construction Commitment</u>	<u>Estimated Date of Completion</u>
<u>2022</u>			
	Water Meter Replacement	\$1,519,021	2023
	2022 Road Program	898,478	2023
	River Drive Improvements	9,148,909	2023
<u>2021</u>			
	Library Interior	\$99,900	2022
	2021 Road Program	1,114,623	2022
	Granular Activated Carbon Treatment	1,365,885	2022

NOTE 11 OTHER LONG-TERM LIABILITIES

A. Compensated Absences

Under the existing policies and labor agreements of the City, employees are allowed to accumulate (with certain restrictions) unused vacation benefits, personal, sick leave and compensation time in lieu of overtime over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$2,296,010 and \$2,854,769 at December 31, 2022 and 2021, respectively. These amounts which is are considered material to the financial statements, are not reported either as an expenditure or liability.

As of December 31, 2022 and 2021, the City has reserved in the Other Trust Fund \$289,569 and \$565,672 to fund compensated absences in accordance with NJSA 40A:4-39.

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

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

B. Deferred Pension Obligation

During the year ended December 31, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$868,088 and will be paid back with interest over 15 years beginning in the 2012 year. The City is permitted to payoff the deferred PFRS and PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (7.00% effective July 1, 2017) at December 31, 2022 and 2021 is \$-0- for PERS and \$269,794 for PFRS.

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

<u>Years Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2022	\$ 124,959	\$ 109,911
2021	27,611	107,890
2020	27,315	107,243

Changes in Other Long-Term Liabilities

Under the regulatory basis of accounting, certain other long-term liabilities which may be considered material to the financial statements are not reported either as an expenditure or a liability. However, under the regulatory basis of accounting, these other long-term liabilities and related information are required to be disclosed in the notes to the financial statements in conformity with the disclosure requirements of the Governmental Accounting Standards Board.

The City's changes in other long-term liabilities for the years ended December 31, 2022 and 2021 were as follows:

	<u>Balance,</u> <u>December 31,</u> <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<u>2022</u>					
Compensated Absences	\$ 2,854,769		\$ 558,759	\$ 2,296,010	
Deferred Pension Obligation	420,259		150,465	269,794	\$ 269,794
Net Pension Liability - PERS (1)	7,552,380			7,552,380	
Net Pension Liability - PFRS (1)	14,524,065	-	-	14,524,065	-
Other Long-Term Liabilities	<u>\$ 25,351,473</u>	<u>\$ -</u>	<u>\$ 709,224</u>	<u>\$ 24,642,249</u>	<u>\$ 269,794</u>

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

NOTE 11 OTHER LONG-TERM LIABILITIES (Continued)

Changes in Other Long-Term Liabilities

	Balance, December 31, 2020	Additions	Reductions	Balance, December 31, 2021	Due Within One Year
2021					
Compensated Absences	\$ 3,292,310		\$ 437,541	\$ 2,854,769	
Deferred Pension Obligation	555,760		135,501	420,259	\$ 138,071
Net Pension Liability - PERS	11,095,153		3,542,773	7,552,380	
Net Pension Liability - PFRS	25,508,404	-	10,984,339	14,524,065	-
Other Long-Term Liabilities	\$ 40,451,627	\$ -	\$ 15,100,154	\$ 25,351,473	\$ 138,071

- (1) GASB Statement Number 68 Pension financial information was not provided by the State's Division of Pensions and Benefits as of the date of audit.

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS

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

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

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

The following represents the membership tiers for PFRS:

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

The following represents the membership tiers for PERS:

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

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

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Other Pension Funds

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

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

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

<u>Year Ended</u> <u>December 31</u>	<u>PFRS</u>	<u>PERS</u>
2022	\$ 2,436,737	\$ 875,214
2021	2,205,444	744,298
2020	2,083,060	670,014

In addition for the years ended December 31, 2022, 2021 and 2020 the City contributed for long-term disability insurance premiums (LTDI) \$-0-, \$-0- and \$1,492, respectively for PERS.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

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

Public Employees Retirement System (PERS)

At December 31, 2021, the City reported a liability of \$7,552,380 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the ratio of the City's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. As of the measurement date of June 30, 2021, the City's proportionate share was .06375 percent, which was a decrease of .00429 percent from its proportionate share measured as of June 30, 2020 of .06804 percent.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

For the year ended December 31, 2021, the pension system has determined the City's pension benefit to be \$1,033,999 for PERS based on the actuarial valuations which is less than the actual contributions reported in the City's financial statements of \$744,298. At December 31, 2021, the City's deferred outflows of resources and deferred inflows of resources related to PERS pension which are not reported on the City's financial statements are from the following sources:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 119,111	\$ 54,066
Changes of Assumptions	39,333	2,688,696
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,989,495
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>397,454</u>	<u>868,791</u>
Total	<u>\$ 555,898</u>	<u>\$ 5,601,048</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (1,643,838)
2023	(1,525,344)
2024	(1,064,693)
2025	(765,463)
2026	(45,812)
Thereafter	<u>-</u>
	<u>\$ (5,045,150)</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

Mortality Rates

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

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

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

Discount Rate

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of Net Pension Liability

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>2021</u>			
City's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,284,810</u>	<u>\$ 7,552,380</u>	<u>\$ 5,233,526</u>

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

Pension Plan Fiduciary Net Position

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

Police and Firemen's Retirement System (PFRS)

At December 31, 2021, the City reported a liability of \$14,524,065, for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The City's proportionate share of the net pension liability was based on the ratio of the City's contributions to the pension plan relative to the total contributions of all participating governmental entities during the measurement period. . As of the measurement date of June 30, 2021, the City's proportionate share was .19871 percent, which was an increase of .0013 percent from its proportionate share measured as of June 30, 2020 of .19741 percent.

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the pension system has determined the City pension benefit to be \$2,267,842 for PFRS based on the actuarial valuations which is less than the actual contributions reported in the City's financial statements of \$2,205,444. At December 31, 2021, the City's deferred outflows of resources and deferred inflows of resources related to PFRS pension which are not reported on the City's financial statements are from the following sources:

	2021	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 165,702	\$ 1,739,833
Changes of Assumptions	77,284	4,352,796
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		6,189,177
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	<u>168,623</u>	<u>1,196,712</u>
Total	<u>\$ 411,609</u>	<u>\$ 13,478,518</u>

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

<u>Year Ending December 31,</u>	<u>Total</u>
2022	\$ (4,485,637)
2023	(3,760,966)
2024	(2,558,345)
2025	(2,119,038)
2026	(142,923)
Thereafter	<u>-</u>
	<u>\$ (13,066,909)</u>

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions

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

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

Mortality Rates

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

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021, as reported for the year ended December 31, 2021, are summarized in the following table:

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

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

NOTE 12 EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Discount Rate

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

Sensitivity of Net Pension Liability

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>2021</u>			
City's Proportionate Share of the PFRS Net Pension Liability	\$ 22,054,338	\$ 14,524,065	\$ 8,255,926

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

Special Funding Situation – PFRS

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

At December 31, 2021, the State's proportionate share of the net pension liability attributable to the City for the PFRS special funding situation is \$3,958,788. For the year ended December 31, 2021, the pension system has determined the State's proportionate share of the pension expense attributable to the City for the PFRS special funding situation is \$454,938, which is more than the actual contributions the State made on behalf of the City of \$354,852. At December 31, 2021 (measurement date June 30, 2021) the State's share of the PFRS net pension liability attributable to the City was .19871 percent, which was an increase of 0.0013 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of .19741 percent. The State's proportionate share attributable to the City was developed based on actual contributions made to PFRS allocated to employers based upon covered payroll. These on-behalf contributions have not been reported on the City's financial statements.

Pension Plan Fiduciary Net Position

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

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS

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

Plan Description and Benefits Provided

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

State Health Benefit Program Fund – Local Government Retired (the Plan) (including Prescription Drug Program Fund) – The Plan is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Annual Comprehensive Financial Report (ACFR), which can be found at <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

Under GASB Statement No. 75 local governmental employers are required to provide certain financial information based on a measurement date no earlier than the end of the employer's prior fiscal year. The GASB 75 financial information from the State's Division of Pensions and Benefits to be reported for the year ended December 31, 2022 for the measurement date of June 30, 2022 was not available as of the date of audit. Accordingly, the State's Division of Local Government Services issued Local Finance Notice 2023-10 which authorizes and permits New Jersey municipalities to present the most recent available audited GASB 75 financial information to be incorporated into the audit and remain in compliance with the regulatory basis of accounting disclosure requirements for notes to the financial statements. As such the GASB 75 financial information for the year ended December 31, 2022 is not presented in the notes to the financial statements.

Special Funding Situation

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

At December 31, 2021, the State's proportionate share of the net OPEB liability attributable to the City for the OPEB special funding situation is \$14,495,847. For the year ended December 31, 2021 the plan has determined the State's proportionate share of the OPEB expense attributable to the City for the OPEB special funding situation is \$(1,978,012). At December 31, 2021, (measurement date June 30, 2021), the State's share of the OPEB liability attributable to the City was 0.37541 percent, which was an increase of 0.3713 percent from its proportionate share measured as of December 31, 2020 (measurement date June 30, 2020) of 0.00411 percent. The State's proportionate share attributable to the City was developed based on eligible plan members subject to the special funding situation. This data takes into account active members from both participating and non-participating employer locations and retired members currently receiving OPEB benefits.

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

NOTE 13 POST-RETIREMENT MEDICAL BENEFITS (Continued)

OPEB Plan Fiduciary Net Position

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

The City provides a post employment healthcare plan for its eligible retirees and their dependents.

Plan Description

The plan is a single-employer defined benefit healthcare plan administered by the City. In accordance with City ordinances, contracts and/or policies, the City provides health and prescription benefits to retirees who meet the eligibility requirements of their respective contracts.

GASB 75 – Other Post-Employment Benefits

The City of Garfield has elected to omit the required disclosure regarding the unfunded liability related to other Post-Employment Medical Benefits. The City has not completed an actuarial calculation to determine its OPEB Liability at December 31, 2022 and 2021 in accordance with GASB Statement No. 75.

NOTE 14 RISK MANAGEMENT

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

The City of Garfield is a member of the South Bergen Municipal Joint Insurance Fund (SBJIF) and Municipal Excess Liability Joint Insurance Fund (MEL). The joint insurance funds are both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and worker's compensation. The Funds are risk-sharing public entity pools. The SBJIF and MEL coverage amounts are on file with the City.

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

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

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

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

NOTE 14 RISK MANAGEMENT (Continued)

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

<u>Year Ended</u> <u>December 31</u>	<u>Employee</u> <u>Contributions</u>	<u>City</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2022	\$ -	\$ 35,000	\$ -	\$ 121,881
2021	20,219	25,000	-	29,068
2020		10,000	177,368	(16,193)

NOTE 15 CONTINGENT LIABILITIES

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

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2022 and 2021. Amounts claimed have not yet been determined. The City is vigorously defending its assessments in each case. Under the accounting principles prescribed by the Division of Local Government Services, Department of community Affairs, State of New Jersey, the City does not recognize a liability, if any, until these cases have been adjudicated. The City expects such amounts, if any, could be material. As of December 31, 2022 and 2021, the City reserved \$474,484 and \$474,484, respectively, in the Current Fund for tax appeals pending in the New Jersey Tax Court. Funding of any ultimate liability would be provided for in succeeding years' budget or from fund balance.

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

NOTE 16 FEDERAL ARBITRAGE REGULATIONS

The City is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2022 and 2021, the City has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED

The City of Garfield Length of Service Award Program (the Plan) was created by a City ordinance adopted in 2002 pursuant to 457 (e)(11)(13) of the Internal Service Code of 1986, as amended, except for provisions added by reason of the Length of Service Award Program as enacted into federal law in 1997. The voters of the City of Garfield approved the adoption of the Plan at the general election held on November 5, 2002.

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

NOTE 17 LENGTH OF SERVICE AWARD PROGRAM (LOSAP)-UNAUDITED (Continued)

The first year of eligibility for entrance into the Plan was calendar year 2003. The tax deferred income benefits for emergency services volunteers, consisting of the Volunteer Fire Department, come from contributions made solely by the City on behalf of those volunteers who meet the criteria of a plan created by the governing body.

If an active member meets the year of active service requirement, a LOSAP must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services issues the permitted maximum increase annually.

The City of Garfield has contributed \$1,150 for both 2022 and 2021, respectively, for each eligible volunteer fire department member into the Plan. The total City contributions were \$50,840 and \$55,200 for 2022 and 2021 respectively.

In accordance with the amendments to Section 457 of the Internal Revenue Code and the State Deferred Revenue Regulations, the City has placed the amounts deferred, including earnings, in a trust for the exclusive benefit of the plan participants and their beneficiaries.

Lincoln National Financial Group is the administrator of the plan. The City's practical involvement in administering the plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the plan administrator.

Vesting and Benefits

A volunteer is eligible to receive a distribution of funds upon completing 5 (five) cumulative years as an active member of the volunteer organization. Certain restrictions and tax implications may result in the event of a withdrawal of funds from the Plan.

If a volunteer member does not vest and terminates their association with the emergency service organization, the funds are returned to the sponsoring agency's surplus.

Reporting Requirements

The New Jersey Administrative Code NJAC 5:30-14.49 requires that the City perform a separate review report of the plan in accordance with the American Institute of Certified Public Accountants (AICPA) Statements on Standards for Accounting and Auditing Review Services. Since a review does not constitute an audit, the financial statements pertaining to the Plan are presented as unaudited in this report as part of the City's Trust Fund.

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

CITY OF GARFIELD
NOTES TO FINANCIAL STATEMENTS
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NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

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

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

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

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

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

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

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

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

NOTE 18 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

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

The City will receive \$3,328,670 from the Plan in two equal payments. The City has received the full amount of its relief funds under the plan as of December 31, 2022. The City utilized \$2,053,826 of the funds for Water Utility Capital Improvements and \$864,335 in the 2022 budget to replace lost public sector revenue. The City has not yet determined how it will spend the remaining funds of \$410,509. The deadline to obligate the funds is December 31, 2024 and to spend them is December 31, 2026.

NOTE 19 SUBSEQUENT EVENTS

BCIA Pooled Note

On April 13, 2023 the City issued bond anticipation notes with the Bergen County Improvement Authority (BCIA) in the amount of \$9,569,000 to temporarily finance expenditures related to various capital projects. The BCIA have awarded the sale of said notes to the City at an interest rate of 4.5%. These notes dated April 13, 2023 will mature on May 31, 2024.

Debt Authorized

On January 24, 2023 the City adopted a bond ordinance authorizing the issuance \$1,356,000 in Bonds or bond anticipation notes to fund the Semel Avenue Drainage Project. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

On January 24, 2023 the City adopted a bond ordinance authorizing the issuance \$1,280,000 in Bonds or bond anticipation notes to fund the Acquisition of a New Pumper Fire Engine. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

On April 25, 2023 the City adopted a bond ordinance authorizing the issuance \$45,000 in Bonds or bond anticipation notes to fund the Neighborhood Preservation Program Improvements along the Passaic Street Corridor. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

On June 27, 2023 the City adopted a bond ordinance authorizing the issuance \$551,149 in Bonds or bond anticipation notes to fund Water and Main Sewer Lines on River Drive. As of the date of this report the City has not issued nor awarded the sale of said bonds or notes.

CURRENT FUND

**CITY OF GARFIELD
STATEMENT OF CASH - COLLECTOR/TREASURER**

Balance, December 31, 2021		\$ 13,750,577
Increased by Receipts:		
Taxes Receivable	\$ 66,686,784	
Miscellaneous Revenue Not Anticipated	1,906,298	
Due from State of NJ - Senior Citizens' and Veterans' Deductions	70,661	
Grants Receivable	2,467,256	
Prepaid Taxes	552,613	
Revenue Accounts Receivable	8,124,003	
Unappropriated Grant Reserves	16,388	
Receipts from Animal Control Trust Fund	22,975	
Receipts from Other Trust Fund	463,070	
Miscellaneous Reserves	191,617	
Receipts from Water Utility Operating	1,006,271	
Receipts from General Capital	1,754,215	
Tax Overpayments	42,716	
Due to State of New Jersey - Uniform Construction Code Fees	28,998	
Marriage License Fees	3,125	
		<u>83,336,990</u>
		97,087,567
Decreased by Disbursements:		
2022 Budget Appropriations	36,589,076	
2021 Appropriation Reserves	1,418,471	
Encumbrances Payable	126,970	
Accounts Payable	137,336	
Appropriated Reserves for Federal and State Grants	2,493,419	
County Taxes	7,080,337	
Local School Taxes	32,668,674	
Due to State of New Jersey - Uniform Construction Code Fees	28,998	
Marriage License Fees	3,100	
Payments to General Capital Fund	1,500,000	
Payments to Water Capital	51,046	
Emergency Note Payable	1,500,000	
General Capital Expenditures	559,094	
		<u>84,156,521</u>
Balance, December 31, 2022		<u>\$ 12,931,046</u>

**CITY OF GARFIELD
STATEMENT OF CHANGE FUNDS**

Balance, December 31, 2021	\$ <u>100</u>
Balance, December 31, 2022	\$ <u><u>100</u></u>

**STATEMENT OF AMOUNT DUE TO STATE OF NEW JERSEY -
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS**

Balance, December 31, 2021	\$ 32,905
Increased by:	
Cash Receipts from State of New Jersey	\$ 70,661
Senior Citizen's and Veteran's Deductions Disallowed by Tax Collector	
Current Year	736
Prior Year	<u>250</u>
	<u>71,647</u>
	104,552
Decreased by:	
Senior Citizen's and Veteran's Deductions Allowed per Tax Collector	1,000
Senior Citizen's and Veteran's Deductions per Tax Duplicate	<u>74,000</u>
	<u>75,000</u>
Balance, December 31, 2022	\$ <u><u>29,552</u></u>

CITY OF GARFIELD
STATEMENT OF GRANTS RECEIVABLE

	Balance, December 31, <u>2021</u>	Revenue <u>Realized</u>	Cash <u>Receipts</u>	<u>Cancelled</u>	Balance, December 31, <u>2022</u>
Municipal Alliance on Alcoholism and Drug Abuse	\$ 4,435	\$ 11,508	\$ 4,699	\$ 4,435	\$ 6,809
Robert Wood Johnson Foundation	524			524	-
Click It or Ticket	-	500	500		-
Recycling Tonnage	-	45,678	45,678		-
Historical Society	5,000	325	325	5,000	-
Clean Communities	17,432	49,874	49,874	17,432	-
Drive Sober or Get Pulled Over	6,000			6,000	-
2020 Census	9,000			9,000	-
Distracted Driving	9,000	10,500	10,500	9,000	-
COPS in School	-	82,780			82,780
Body Worn Cameras	66,780	52,988			119,768
FEMA - Firefighter Grant	88,000		88,000		-
Alcohol Education and Rehabilitation	-	6,791	6,791		-
Mid Bergen Regional Health Grant		7,417	7,417		-
COVID - American Rescue Plan	-	1,664,335	1,664,335		-
Other ARP Grants		262,326	240,000		22,326
NPP Year 2	-	125,000	112,500		12,500
CDBG Seniors		355,968	87,179		268,789
Community Energy Plan Grant		10,000			10,000
ROID Grant	-	11,715			11,715
Neighborhood Preservation Grant	51,245			51,245	-
Summer Food	-	109,380	109,380		-
Body Armor	-	2,751	2,751		-
UCF Trees		49,200			49,200
LRIG		75,000			75,000
National Opioids Settlement		20,327	20,327		-
Target - Recreation Youth Soccer Grant	1,000	17,000	17,000	1,000	-
Green Communities	20,000			20,000	-
Walmart - Community Policing	1,000			1,000	-
Walmart - Police Department	1,000			1,000	-
Fire Prevention - State Farm	1,500			1,500	-
Fire Prevention - FM Global	2,000	-	-	2,000	-
	<u>\$ 283,916</u>	<u>\$ 2,971,363</u>	<u>\$ 2,467,256</u>	<u>\$ 129,136</u>	<u>\$ 658,887</u>

Appropriated Reserves \$ 58,709

Fund Balance 70,427

\$ 129,136

CITY OF GARFIELD
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance,</u> <u>December 31,</u> <u>2021</u>	<u>2022</u> <u>Levy</u>	<u>Added</u> <u>Taxes</u>	<u>Senior</u> <u>Citizens' and</u> <u>Veterans'</u> <u>Deductions</u> <u>Disallowed</u>	<u>Collected In</u>		<u>Senior</u> <u>Citizens' and</u> <u>Veterans'</u> <u>Deductions</u> <u>Allowed</u>	<u>Transfer to</u> <u>Tax Title</u> <u>Liens</u>	<u>Cancelled</u>	<u>Balance,</u> <u>December 31,</u> <u>2022</u>
1982	\$ 92,193								\$ 92,193	
2019	2,744									\$ 2,744
2020	3,703									3,703
2021	<u>1,015,606</u>	<u>-</u>	<u>-</u>	<u>\$ 250</u>	<u>-</u>	<u>\$ 993,906</u>	<u>-</u>	<u>-</u>	<u>11,220</u>	<u>10,730</u>
	1,114,246	-	-	250	-	993,906	-	-	103,413	17,177
2022	<u>-</u>	<u>\$ 67,375,846</u>	<u>\$ 157,995</u>	<u>736</u>	<u>\$ 669,242</u>	<u>65,692,878</u>	<u>75,000</u>	<u>65,343</u>	<u>20,096</u>	<u>1,012,018</u>
	<u>\$ 1,114,246</u>	<u>\$ 67,375,846</u>	<u>\$ 157,995</u>	<u>\$ 986</u>	<u>\$ 669,242</u>	<u>\$ 66,686,784</u>	<u>\$ 75,000</u>	<u>\$ 65,343</u>	<u>\$ 123,509</u>	<u>\$ 1,029,195</u>

Analysis of 2022 Tax Levy

Tax Yield		
General Purpose Tax	\$ 67,375,846	
Added Taxes (54:4-63.1 et seq.)	<u>157,995</u>	
		<u>\$ 67,533,841</u>

Tax Levy		
Local District School Tax (Abstract)	\$ 32,668,674	
County Tax	\$ 6,799,516	
County Open Space Tax	280,821	
County Share of Added Taxes	<u>12,517</u>	
	7,092,854	

Local Tax for Municipal Purposes	26,653,338	
Minimum Library Tax	965,699	
Add: Additional Tax Levied	<u>153,276</u>	
	<u>27,772,313</u>	
		<u>\$ 67,533,841</u>

**CITY OF GARFIELD
STATEMENT OF TAX TITLE LIENS**

Balance, December 31, 2021	\$ 598,323
Increased by:	
Transferred from Taxes Receivable	<u>65,343</u>
Balance, December 31, 2022	<u>\$ 663,666</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES (AT ASSESSED VALUATION)

Balance, December 31, 2021	<u>\$ 436,870</u>
Balance, December 31, 2022	<u>\$ 436,870</u>

CITY OF GARFIELD
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE

	Balance, December 31, <u>2021</u>	Accrued <u>2022</u>	<u>Collected</u>	Balance, December 31, <u>2022</u>
City Clerk				
Licenses				
Alcoholic Beverage		\$ 47,082	\$ 47,082	
Other		11,500	11,500	
Fees and Permits		15,337	15,337	
Board of Health				
Fees and Permits		56,773	56,773	
Tax Collector				
Fees and Permits		8,835	8,835	
Recreation				
Fees and Permits		317,027	317,027	
Police				
Fees and Permits		6,413	6,413	
Zoning Board of Adjustment				
Fees and Permits		10,106	10,106	
Public Works				
Fees and Permits		63,624	63,624	
Municipal Court - Fines and Costs	\$ 74,917	987,139	973,554	\$ 88,502
Uniform Construction Code Fees		583,594	583,594	
Parking Enforcement Fees		320,000	320,000	
Interest and Costs on Taxes		229,976	229,976	
Consolidated Municipal Property				
Tax Relief Act		88,066	88,066	
Energy Receipts Tax		2,592,917	2,592,917	
Sewer Charges	144,540	1,379,832	1,300,432	223,940
Host Community Fees - Transfer Station		520,431	520,431	
Township of Saddle Brook - Tax Collection		15,000	15,000	
Township of Wood Ridge - Tax Collection		85,750	85,750	
Housing Authority - PILOT	-	175,595	175,595	-
Reserve for Payment of Debt		71,660	71,660	
Reserve for Police Off Duty Admin Fees		336,163	336,163	
Anticipated Surplus - General Capital	-	300,000	300,000	-
	<u>\$ 219,457</u>	<u>\$ 8,222,820</u>	<u>\$ 8,129,835</u>	<u>\$ 312,442</u>
		Cash Receipts	\$ 8,124,003	
		Unappropriated Grants	<u>5,832</u>	
			<u>\$ 8,129,835</u>	

CITY OF GARFIELD
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance, December 31, <u>2021</u>	Encumbrances <u>Restored</u>	Balance After <u>Modifications</u>	<u>Cancelled</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
General Government						
General Administration						
Salaries & Wages	\$ 13,726	\$ 1,346	\$ 15,072		\$ 15,072	\$ -
Other Expenses	1,094	13,830	14,924		14,658	266
Mayor and Council						
Salaries & Wages	261		261			261
Municipal Clerk's Office						
Salaries & Wages	6,381		6,381			6,381
Other Expenses	7,118	4,596	11,714		8,002	3,712
Elections						
Other Expenses	550		550			550
Financial Administration						
Salaries & Wages	7,053		7,053			7,053
Other Expenses	9,412	19,638	29,050		6,270	22,780
Annual Audit	5,712		5,712		5,712	-
ADP Services	4,000	8,612	12,612		5,557	7,055
Tax Assessment Administration						
Salaries & Wages	972		972			972
Other Expenses	297	3,995	4,292		34	4,258
Revenue Administration						
Salaries & Wages	47,711		37,711			37,711
Other Expenses	268	345	613		613	-
Legal Services & Costs						
Salaries & Wages	1,373	6,035	7,408		6,035	1,373
Other Expenses	771	8,103	8,874		8,102	772
Tax Court Appeal Counsel	17,699		17,699		1,707	15,992
Engineering Services & Costs						
Salaries & Wages	45,000		20,000			20,000
Other Expenses	6,250	2,628	8,878		8,370	508
Public Buildings & Grounds						
Other Expenses	10,514	19,834	30,348		23,632	6,716
Municipal Land Use Law (NJSA 40:55D-1)						
Planning Board						
Salaries & Wages	1		1			1
Other Expenses	5,658	8,433	14,091		14,091	-
Zoning Board						
Salaries & Wages	14		14			14
Other Expenses	1,647	200	1,847		401	1,446

CITY OF GARFIELD
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance, December 31, <u>2021</u>	Encumbrances <u>Restored</u>	Balance After <u>Modifications</u>	<u>Cancelled</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
General Government (Continued)						
Insurance						
General Liability	\$ 70,883	\$ 338,172	\$ 409,055		\$ 337,843	\$ 71,212
Employee Group	104,009	3,590	97,599		93,463	4,136
Health Benefit Waiver	20,000		20,000			20,000
Public Safety						
Fire - Other Expenses	130,158	134,067	264,225		162,722	101,503
Aid to Ambulance Corps	1,000	101,000	102,000		102,000	-
Police						
Salaries & Wages	118,950	258	119,208		109,249	9,959
Other Expenses	61,302	109,075	170,377		99,399	70,978
Pension Pursuant to R.S. 43:12	3,697		3,697			3,697
Purchase of Vehicles	3,632	410	4,042		407	3,635
Traffic Division	17,264	761	18,025		221	17,804
Uniform Fire Inspection						
Salaries & Wages	7,758		7,758			7,758
Other Expenses	3,422	50	3,472		150	3,322
Streets & Roads						
Road Repairs and Maintenance						
Salaries & Wages	39,040		39,040			39,040
Other Expenses	13,871	97,891	121,762		121,762	-
Snow Removal	28,398	31,602	72,000		72,000	-
Recycling	898		898		60	838
Emergency Management Services						
Salaries & Wages	1,369		1,369			1,369
Other Expenses	28,403	3,463	27,866		11,529	16,337
Health & Welfare						
Board of Health						
Salaries & Wages	104,894		104,894			104,894
Other Expenses	13,500	6,814	20,314		3,390	16,924
Health Officer						
Other Expenses	603		603			603
Recreation Department						
Salaries & Wages	19,209		19,209		(500)	19,709
Other Expenses	9,432	27,918	37,350		20,694	16,656
Historical Society						
Other Expenses	657		657			657
Celebration of Public Events						
Anniversary & Holiday						
Other Expenses	1,016	6,112	7,128		6,849	279
Housing Inspection						
Salaries & Wages	3,716		3,716		-	3,716
Other Expenses	3,489		3,489		88	3,401

CITY OF GARFIELD
STATEMENT OF 2021 APPROPRIATION RESERVES

	Balance, December 31, <u>2021</u>	Encumbrances <u>Restored</u>	Balance After <u>Modifications</u>	<u>Cancelled</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Garbage & Trash Removal						
Other Expenses	\$ 7,730	\$ 126,424	\$ 134,154		\$ 117,134	\$ 17,020
Utilities						
Electricity	37,073	54,163	91,236		40,009	51,227
Telephone	1,656	1,923	3,579		1,923	1,656
Street Lighting	2,756	59,916	62,672		58,516	4,156
Communications	7,093	49,296	81,389		57,390	23,999
Gasoline	6,592	22,450	29,042		16,731	12,311
Passaic Valley Sewer Commission	571		571			571
LOSAP	10,506		10,506		6,607	3,899
State Uniform Construction Code						
Building Inspections						
Salaries & Wages	4,100		4,100			4,100
Other Expenses	5,640	22,390	28,030		7,236	20,794
Social Security System (O.A.S.I.)	31,667		31,667			31,667
Pension Adjustment Fund	2,000		2,000		111	1,889
Public Employees Retirement System	8,091		8,091		4,844	3,247
Deferred Charges - Emergency Approp	1,008,815	495,255	1,504,070	\$ 1,000,000	495,305	8,765
Municipal Court						
Salaries & Wages	3,768		3,768			3,768
Other Expenses	1,344	10,820	14,164		3,467	10,697
Public Defender						
Salaries & Wages	3,138		3,138			3,138
Prosecutor						
Salaries & Wages	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Total General Appropriations	<u>\$ 2,146,595</u>	<u>\$ 1,801,415</u>	<u>\$ 3,948,010</u>	<u>\$ 1,000,000</u>	<u>\$ 2,068,855</u>	<u>\$ 879,155</u>
		Cash Disbursements			\$ 1,418,471	
		Due to Other Trust			264,495	
		Encumbrances Payable			385,889	
					<u>\$ 2,068,855</u>	

**CITY OF GARFIELD
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, December 31, 2021		\$ 1,928,385
Increased by:		
Charged to 2021 Budget Reserves	\$ 385,889	
Charged to 2022 Budget Appropriations	<u>1,311,113</u>	
		<u>1,697,002</u>
		3,625,387
Decreased by:		
Cash Disbursements	126,970	
Restored to Appropriation Reserves	<u>1,801,415</u>	
		<u>1,928,385</u>
Balance, December 31, 2022		<u><u>\$ 1,697,002</u></u>

EXHIBIT A-14

STATEMENT OF ACCOUNTS PAYABLE

Balance, December 31, 2021	\$ 156,138
Decreased by:	
Cash Disbursements	<u>137,336</u>
Balance, December 31, 2022	<u><u>\$ 18,802</u></u>

EXHIBIT A-15

STATEMENT OF PREPAID TAXES

Balance, December 31, 2021	\$ 669,242
Increased by:	
Collection of 2023 Taxes	<u>552,613</u>
	1,221,855
Decreased by:	
Applied to 2022 Taxes Receivable	<u>669,242</u>
Balance, December 31, 2022	<u><u>\$ 552,613</u></u>

**CITY OF GARFIELD
STATEMENT OF LOCAL SCHOOL TAXES PAYABLE**

Increased by:	
2022 Levy	<u>\$ 32,668,674</u>
Decreased by:	
Cash Disbursements	<u>\$ 32,668,674</u>

STATEMENT OF COUNTY TAXES PAYABLE

Balance, December 31, 2021	\$ -
Increased by:	
2022 Levy	
General County	\$ 6,799,516
County Open Space	280,821
Added and Omitted County Taxes	<u>12,517</u>
	<u>7,092,854</u>
	7,092,854
Decreased by:	
Cash Disbursements	<u>7,080,337</u>
Balance, December 31, 2022	<u>\$ 12,517</u>

**CITY OF GARFIELD
STATEMENT OF TAX OVERPAYMENTS**

Balance, December 31, 2021	\$ -
Increased by:	
Cash Receipts	<u>42,716</u>
Balance, December 31, 2022	<u><u>\$ 42,716</u></u>

STATEMENT OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSES PAYABLE

Balance, December 31, 2021	\$ -
Increased by:	
Cash Receipts	<u>3,125</u>
	3,125
Decreased by:	
Cash Disbursements	<u>3,100</u>
Balance, December 31, 2022	<u><u>\$ 25</u></u>

CITY OF GARFIELD
STATEMENT OF RESERVE FOR TAX APPEALS PENDING

Balance, December 31, 2021	\$ 474,484
Balance, December 31, 2022	<u>\$ 474,484</u>

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, December 31, <u>2021</u>	Cash <u>Receipts</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2022</u>
Revaluation	\$ 14,715			\$ 14,715
LOSAP		\$ 8,754		8,754
Municipal Relief State Aid		139,850		139,850
Sale of Assets	<u>-</u>	<u>43,013</u>	<u>\$ -</u>	<u>43,013</u>
	<u>\$ 14,715</u>	<u>\$ 191,617</u>	<u>\$ -</u>	<u>\$ 206,332</u>

STATEMENT OF UNAPPROPRIATED RESERVES
FOR FEDERAL AND STATE GRANTS/AID

	Balance, December 31, <u>2021</u>	Cash <u>Receipts</u>	Realized as Budgeted <u>Revenue</u>	Balance, December 31, <u>2022</u>
Opioid Settlement - Unapprop Portion		\$ 12,396		\$ 12,396
Body Armor Replacement Program		3,992		3,992
Recycling Grant	\$ 5,332		5,332	-
Click It or Ticket	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>
	<u>\$ 5,832</u>	<u>\$ 16,388</u>	<u>\$ 5,832</u>	<u>\$ 16,388</u>

CITY OF GARFIELD
STATEMENT OF APPROPRIATED RESERVES
FOR FEDERAL AND STATE GRANTS

	Balance, December 31, <u>2021</u>	Transfer from Budget Appropriations	Cash Disbursements	Cancelled	Balance, December 31, <u>2022</u>
Alcohol Education and Rehabilitation	\$ 50,591	\$ 6,791			\$ 57,382
Clean Communities	19,572	49,874	\$ 20,928		48,518
Historical Society	5,000	325	-	\$ 5,000	325
Robert Wood Johnson Foundation	121		-	121	-
Edward Byrne Memorial Justice Assistance					
ARRA	199		199		-
Body Armor Replacement Fund	5,607	2,751	7,611		747
BCUA Recycling Grant	44,593				44,593
Recycling Tonnage Grant	77,465	45,678	62,085		61,058
Click It or Ticket	5,000	500		5,500	-
Hepatitis B Inoculation Fund	1,083				1,083
Public Health Priority Funding	17,029		9,237		7,792
DDEF	81,981		40,991		40,990
Business Stimulus	176		176		-
COPS in School	620	82,780	37,620		45,780
Amerigroup Health Promotions	1,757		1,757		-
Sustainable Jersey	601				601
Rec Youth Soccer Grant		17,000			17,000
Mid Bergen Regional COVID Health Grant		7,417	4,000		3,417
Community Energy Plan		10,000			10,000
Distracted Driving	-	10,500			10,500
Municipal Alliance	2,344	11,508	-	2,344	11,508
Year End Drunk Driving Grant	5,000		5,000		-
ROID Grant	-	11,715			11,715
CDBG Senior		338,000	21,000		317,000
CDBG Vaccination Support		17,968			17,968
Neighborhood Preservation	51,244			51,244	-
UCF Trees		49,200	49,200		-
Summer Food		109,380			109,380
National Opioid Settlement		20,327			20,327
LRIG		75,000	72,910		2,090
Board of Education Beautification Grant	997		624		373
AARP Health Grant	4,006				4,006
Body Worn Cameras	66,780	52,988	36,088		83,680
Berrie Grant	3,645				3,645
NPP Year 2		125,000	-		125,000
ARP - Firefighter Grant		22,326	22,326		-
ARP - Recreation Family Development		240,000	47,841		192,159
COVID - American Rescue Plan	1,664,335	800,000	2,053,826	-	410,509
	<u>\$ 2,109,746</u>	<u>\$ 2,107,028</u>	<u>\$ 2,493,419</u>	<u>\$ 64,209</u>	<u>\$ 1,659,146</u>
			Grants Fee	\$ 58,709	
			Fund Balance	<u>5,500</u>	
				<u>\$ 64,209</u>	

**CITY OF GARFIELD
STATEMENT OF DEFERRED CHARGES**

<u>Description</u>	Balance, December 31, <u>2021</u>	<u>Decreases</u>	<u>Cancelled</u>	Balance, December 31, <u>2022</u>
Emergency Appropriation - Hurricane Ida	\$ 1,500,000	\$ 500,000	\$ 1,000,000	
Special Emergency Authorization - COVID Revenue Shortfalls	<u>625,000</u>	<u>125,000</u>	<u>-</u>	<u>\$ 500,000</u>
	<u>2,125,000</u>	<u>625,000</u>	<u>1,000,000</u>	<u>500,000</u>
Budget Appropriation		<u>\$ 625,000</u>		

EMERGENCY NOTE PAYABLE

<u>Description</u>	Balance, December 31, <u>2021</u>	<u>Retired</u>	Balance, December 31, <u>2022</u>
Special Emergency Authorization - COVID Revenue Shortfalls	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ -</u>
	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>

TRUST FUND

CITY OF GARFIELD
STATEMENT OF CASH - COLLECTOR/TREASURER

	<u>Animal Control Fund</u>	<u>Other Trust Fund</u>
Balance, December 31, 2021	\$ 30,549	\$ 4,247,279
Increased by Receipts:		
Escrow Deposits		\$ 105,600
Current Fund Budget Appropriation - Unemployment		45,000
Animal License Fees	\$ 7,945	
State Fees - Animal Licenses	1,200	
Payroll Deductions		24,505,242
State Refunds - Unemployment		47,813
Miscellaneous Reserves	-	1,579,395
	<u>9,145</u>	<u>26,283,050</u>
	39,694	30,530,329
Decreased by:		
Escrow Deposits		62,505
Employee Benefits Paid - Unemployment Claims		31,362
Due to State of New Jersey	1,195	
Animal Control Fund Expenditures	1,200	
Payroll Deductions Payable		24,482,532
Payments to Current Fund	22,975	463,070
Miscellaneous Reserves	-	2,195,938
	<u>25,370</u>	<u>27,235,407</u>
Balance, December 31, 2022	<u>\$ 14,324</u>	<u>\$ 3,294,922</u>

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

Balance, December 31, 2021	\$ -
Increased by:	
State Fees Collected	<u>1,200</u>
	1,200
Decreased by:	
Payments Made to State of New Jersey	<u>1,195</u>
Balance, December 31, 2022	<u><u>\$ 5</u></u>

STATEMENT OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

Balance, December 31, 2021	\$ 7,574
Increased by:	
Animal License Fees Collected	<u>7,945</u>
	15,519
Decreased by:	
Cash Disbursements	<u>1,200</u>
Balance, December 31, 2022	<u><u>\$ 14,319</u></u>

Licenses Collected

2021	\$ 6,508
2020	<u>9,520</u>
	<u><u>\$ 16,028</u></u>

CITY OF GARFIELD
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE

Balance (Deficit), December 31, 2021		\$ 29,068
Increased by:		
Other Contributions	\$ 10,000	
State Refunds	47,813	
Current Fund Budget Appropriation	<u>35,000</u>	
		<u>92,813</u>
Balance, December 31, 2022		<u>\$ 121,881</u>

STATEMENT OF RESERVE FOR ESCROW DEPOSITS
OTHER TRUST FUND

Balance, December 31, 2021		\$ 199,456
Increased by:		
Cash Receipts		<u>105,600</u>
		305,056
Decreased by:		
Cash Disbursements		<u>62,505</u>
Balance, December 31, 2022		<u>\$ 242,551</u>

CITY OF GARFIELD
STATEMENT OF MISCELLANEOUS RESERVES
OTHER TRUST FUND

	Balance, December 31, <u>2021</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, December 31, <u>2022</u>
Performance Bonds	\$ 107,500	\$ 2,500	\$ 2,500	\$ 107,500
Police Car Trust - DDEF	21,038	1,570	14,962	7,646
Fire Prevention Fees	12,608	14,385	871	26,122
Police Overtime	15,509	209,344	213,753	11,100
Summer Food Program	169,147	58,647	152,246	75,548
Uncollected Redemptions	-	240,342	240,342	-
Park Benches	-	8,525	5,761	2,764
Police Outside Vehicles	-	59,581		59,581
Municipal Court POAA	94,811	9,875	8,757	95,929
Public Defender	42,948	114,078	118,990	38,036
Building Department	30,092	4,500	3,250	31,342
Escrow - Sidewalk Opening	59,000	2,600	61,600	-
Escrow - Other	3,660	-	3,660	-
Affordable Housing	155,690		5,625	150,065
Community Policing	2,485	10,785	4,835	8,435
OEM	45,099	-	-	45,099
Dedicated Penalty Trust	24,240	30,056	21,960	32,336
Multiple Housing Inspections	111,229		-	111,229
Relocation Housing Fee	30,273			30,273
Tax Sale Premium	706,300	188,500	371,200	523,600
Animal Rescue	-	499	188	311
Street Bond	52,310	60,050	77,360	35,000
Animal Rescue Foundation	575	504	1,079	-
Police Ice Trust	155,270		22,570	132,700
Civic Event Donations	-	2,950		2,950
Insurance	265,104	90,000	-	355,104
Storm Recovery	100,000	151,837		251,837
Water and Sewer Tax	-	19,650	19,650	-
Donation of Park Benches	1,000	7,500	8,500	-
Wall of Mayors		2,771		2,771
ICE Funds	126,690	131,541	139,483	118,748
Parking Enforcement Fund	404,011	342,295	341,688	404,618
Terminal Leave	565,672	79,005	355,108	289,569
	<u>\$ 3,302,261</u>	<u>\$ 1,843,890</u>	<u>\$ 2,195,938</u>	<u>\$ 2,950,213</u>

Cash Receipts \$ 1,579,395
Due from Current Fund 264,495

\$ 1,843,890

Cash Disbursements \$ 2,195,938

CITY OF GARFIELD
STATEMENT OF DUE FROM/TO CURRENT FUND
OTHER TRUST FUND

Balance, December 31, 2021 - Due From/(To)		\$	(463,070)
Increased by:			
Appropriation Reserve Funds moved to Trust Reserves	\$		264,495
Payments to Current Fund		<u>463,070</u>	
			<u>727,565</u>
Balance, December 31, 2022 - Due From		<u>\$</u>	<u>264,495</u>

STATEMENT OF DUE TO CURRENT FUND
ANIMAL CONTROL TRUST FUND

Balance, December 31, 2021		\$	22,975
Decreased by:			
Payments to Current Fund			<u>22,975</u>
Balance, December 31, 2022		<u>\$</u>	<u>-</u>

EXHIBIT B-9

**CITY OF GARFIELD
STATEMENT OF PAYROLL DEDUCTIONS AND RESERVES
OTHER TRUST FUND**

Balance, December 31, 2021	\$ 143,411
Increased by:	
Cash Receipts	<u>24,505,242</u>
	24,648,653
Decreased by:	
Cash Disbursements	<u>24,482,532</u>
Balance, December 31, 2022	<u><u>\$ 166,121</u></u>

Analysis of Balance:

Payroll Deductions Payable	\$ 12,493
Accrued Salaries and Wages	142,822
Reserve for Disability	<u>10,806</u>
	<u><u>\$ 166,121</u></u>

EXHIBIT B-10

**STATEMENT OF DUE TO STATE OF NEW JERSEY
UNEMPLOYMENT COMPENSATION FUND**

Balance, December 31, 2021	\$ 110,013
Decreased by:	
Payments to State of New Jersey	<u>31,362</u>
Balance, December 31, 2022	<u><u>\$ 78,651</u></u>

GENERAL CAPITAL FUND

CITY OF GARFIELD
STATEMENT OF GENERAL CAPITAL CASH - TREASURER

Balance, December 31, 2021		\$ 3,889,173
Increased by Receipts:		
Interest Earned on Investments	\$ 10,550	
Bond Anticipation Notes	2,565,850	
Premium on Bonds	63,246	
Grant Proceeds	1,559,806	
Loan Proceeds	39,978	
Insurance Reimbursement	34,794	
Receipts from Current Fund	1,500,000	
Reserve for Payment of Debt	409,568	
Current Fund Budget Appropriation:		
Capital Improvement Fund	<u>200,000</u>	
		<u>6,383,792</u>
		10,272,965
Decreased by Disbursements:		
Improvement Authorizations	2,409,335	
Contracts Payable	2,297,972	
Payment to Current Fund	1,754,215	
Current Fund Anticipated Revenue		
General Capital Fund Balance	300,000	
Reserve for Payment of Debt	71,660	
Reserve for Future Capital Improvements	<u>19,430</u>	
		<u>6,852,612</u>
Balance, December 31, 2022		<u>\$ 3,420,353</u>

**CITY OF GARFIELD
ANALYSIS OF CAPITAL CASH**

	Balance, December 31, <u>2022</u>
Due to Current Fund	\$ 336,094
Grants Receivable	(5,805,829)
Contracts Payable	13,133,437
Capital Improvement Fund	396,155
Reserve for Payment of Debt	777,240
Reserve for Future Improvements	217,982
Fund Balance	819,081
Excess Note Proceeds	192,361
<u>Improvement Authorizations</u>	
<u>Ord. No.</u>	
2463 Tax Appeal Funding	41,060
2664 Kipp Ave Sewer Pump Station	(183,522)
2712/2717 2015 Road Improvement Program	(231,225)
2718 Various Improvements to 20th Century Field	116,426
2730 Passaic River De-Snagging Project	(17,377)
2738/2850/2885 Neighborhood Revitalization Streetscape and Pedestrian Safety Project (Phase I)	(452,344)
2739/2766/2801/285 Demolition of Existing Police Station and Construction of New Police Station	522
2740 School Pedestrian Safety Improvements at Various Locations (Phase II)	3,773
2749 Outwater Lane Curb and Sidewalk Replacement Project	50,000
2754 Construction of Hobart Place Dog Park	(4,671)
2762 Acquisition Phases of the River Drive Roadway and Park Imp Project	(1,200,000)
2763 2017 Road Improvement Program	47,778
2777 Authorize the Installation of Playground Equipment at 20th Century	89,713
2785 Authorize the Tree Planting Program	19,220
2778/2799 Authorize the Installation of an Elevator at the Garfield Library	(35,000)
2787/2798 Authorize the 2018 Comprehensive Infrastructure Improvement Prog	8,312
2809 Authorize Continuation of Passaic River Park and Bikeway Project	(706,834)
2813/2852 Authorize Road Improvement Program and Barrier Free Improvements to City Hall	8,688
2814 Various Improvements to Grand Street	40,268
2818 Authorize Acquisition of New Fire Engine	10,143
2824 Various Public Improvements and the Acquisition of New Auto Vehicles	281,501
2835 2020 Road Improvement Program	4,842
2844 Various Improvements to Public Buildings and Facilities	168,602
2846 Installation of a Special Needs Playground Area at 20th Century Field	(8,932)
2847 Neighborhood Preservation Program Along the Passaic Street Corridor	8,938
2866/2922 Rehabilitation of Jewell Street Playground	(61,507)
2869 Improvements to the Library	168,429
2889 Acquisition of the Rights to Rail Line on Monroe Street	5,753
2908 2021 Road Improvement Program	(30,713)
2909 Basketball Court Improvements at Fire House #3	2,155
2915 Improvements to Columbus Park	1,494,925
2916 Stormwater Drainage Improvements	(81,350)
2917 Neighborhood Preservation Program Along the Passaic Street Corridor (Phase II)	(17,184)
2921 Various Improvements to Semel Avenue	(258,206)
2925 2022 Road Improvement Program	(552,000)
2926 Acquisition of New Equipment and Various Public Improvements	(444,673)
2958 River Drive Improvement Project	(5,005,678)
2968 Upgrading of Communications Systems and Equipment	74,000
	<u>\$ 3,420,353</u>

CITY OF GARFIELD
STATEMENT OF DUE TO CURRENT FUND

Balance, December 31, 2021	\$ 20,665
Increased By:	
Interest on Investments	\$ 10,550
Receipt from Current	1,500,000
General Capital Fund Expenditures Paid by Current Fund	<u>559,094</u>
	<u>2,069,644</u>
	2,090,309
Decreased by:	
Payments to Current Fund	<u>1,754,215</u>
Balance, December 31, 2022	<u>\$ 336,094</u>

**CITY OF GARFIELD
STATEMENT OF GRANTS RECEIVABLE**

	Balance, December 31, 2021	Increased by: 2022 Grant Awards	Decreased by:		Balance, December 31, 2022
			Cash Receipts	Cancelled	
<u>Community Development Block Grants</u>					
Ord. 2777 - Playground Equipment at 20th Century	\$ 28,352				\$ 28,352
Ord. 2845 - Monroe St. Improvements	378,811	-	-	-	378,811
Sub-Total - Community Development Block Grants	407,163	-	-	-	407,163
<u>Department of Transportation</u>					
Ord. 2738/2850 - Streetscape and Pedestrian Safety Project (Phase I)	1,150,000		\$ 1,029,418	\$ 120,582	-
Ord. 2740 - School Pedestrian Safety Improvements (Phase II)	327,622				327,622
Ord. 2814 - Various Improvements to Grand Street	450,000				450,000
Ord. 2845 - Midland Ave Curbs & Sidewalks	246,104				246,104
Ord. 2958 - River Drive Improvement Project		\$ 500,000			500,000
Ord. 2921 - Various Improvements to Semel Avenue	-	249,175	-	-	249,175
Sub-Total - Department of Transportation	2,173,726	749,175	1,029,418	120,582	1,772,901
<u>County of Bergen</u>					
Ord. 2664 - Kipp Avenue Sewer Pump Station (General)	200,000			200,000	-
Ord. 2374 - 20th Century Field Improvements (Open Space)	50			50	-
Ord. 2712/2717 - 2015 Road Improvements	191,000			191,000	-
Ord. 2809 - Passaic River Park and Bikeway	770,000		200,000		570,000
Ord. 2836 - Replacement of Turf Field - Lafaso Field	217,888	-	217,888	-	-
Ord. 2958 - River Drive Improvement Project	-	3,296,050	-	-	3,296,050
Sub-Total - County of Bergen	1,378,938	3,296,050	417,888	391,050	3,866,050
<u>County of Bergen - Open Space</u>					
Ord. 2866 - Rehab Jewell Street Playground	195,963	-	-	-	195,963
Ord. 2915 - Improvements to Columbus Park	-	679,375	-	-	679,375
Sub-Total - County of Bergen - Open Space	195,963	679,375	-	-	875,338
<u>Department of Environmental Protection</u>					
Ord. 2730 - Passaic River De-Snagging Project	215,500			215,500	-
Ord. 2809 - Passaic River Park and Bikeway	1,730,000	-	-	-	1,730,000
Ord. 2915 - Improvements to Columbus Park	-	1,200,000	-	-	1,200,000
Sub-Total - Department of Environmental Protection	1,945,500	1,200,000	-	215,500	2,930,000
<u>Green Acres</u>					
Ord. 2809 - Passaic River Park and Bikeway	652,909	-	-	-	652,909
Sub-Total - Green Acres	652,909	-	-	-	652,909
<u>Department of Community Affairs</u>					
Ord. 2869 - Barrier Free Improvements	130,404	-	-	-	130,404
Ord. 2917 - Neighborhood Preservation Program	-	125,000	112,500	-	12,500
Sub-Total - Department of Community Affairs	130,404	125,000	112,500	-	142,904
	<u>\$ 6,884,603</u>	<u>\$ 6,049,600</u>	<u>\$ 1,559,806</u>	<u>\$ 727,132</u>	<u>\$ 10,647,265</u>
<u>Analysis of Balance</u>					
Pledged to Reserve	\$ 6,754,199	\$ 374,175	\$ 1,559,806	\$ 727,132	\$ 4,841,436
Pledged to Ordinance	130,404	5,675,425	-	-	5,805,829
	<u>\$ 6,884,603</u>	<u>\$ 6,049,600</u>	<u>\$ 1,559,806</u>	<u>\$ 727,132</u>	<u>\$ 10,647,265</u>

CITY OF GARFIELD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, December 31, 2021		\$ 30,445,683
Increased by:		
Loans Issued	\$ 39,978	
		<u>39,978</u>
		\$ 30,485,661
Decreased by:		
Current Fund Budget Appropriation		
Serial Bond Principal	\$ 2,520,000	
Green Acres Loan Principal	41,434	
DCA Loan Payable	<u>8,868</u>	
		<u>2,570,302</u>
Balance, December 31, 2022		<u>\$ 27,915,359</u>

CITY OF GARFIELD
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Ord. No.	Improvement Description	Balance, December 31, 2021	2022 Authori- zations	Grant / Loan Proceeds	Notes Paid by Budget Appropriation	Cancel by Resolution	Balance, December 31, 2022	Bond Anticipation Notes	Analysis of Balance	
									Expenditures	Unexpended Balance of Improvement Authorizations
2664	Kipp Ave Sewer Pump Station	\$ 194,000				\$ 10,478	\$ 183,522		\$ 183,522	
2688	Various Improvements to Pierre Ave.	9,732				9,732	-		-	
2712/2717	2015 Road Improvement Program	231,225					231,225		231,225	
2730	Passaic River De-Snagging Project	350,000					350,000		17,377	\$ 332,623
2738/2850/2885	Neighborhood Revitalization Streetscape and Pedestrian Safety Project (Phase I)	1,660,000		\$ 1,029,418		48,109	582,473		452,344	130,129
2740	School Pedestrian Safety Improvements at Various Locations (Phase II)	327,622					327,622		-	327,622
2754	Construction of Hobart Place Dog Park	4,671					4,671		4,671	
2762	Acquisition Phases of the River Drive Roadway and Park Improvement Project	1,200,000					1,200,000		1,200,000	
2777	Authorize the Installation of Playground Equipment at 20th Century	28,352				28,352	-		-	
2778/2799	Authorize the Installation of an Elevator at the Garfield Library	251,646					251,646	\$ 216,646	35,000	
2809	Continuation of Passaic River Park and Bikeway Project	3,152,909		200,000	\$ 95,029		2,857,880	1,893,871	706,834	257,175
2813/2852	2019 Road Improvement Program and Barrier Free (ADA) Improvements to City Hall	2,251				2,251	-		-	
2814	Various Improvements to Grand Street	450,000			47,369		402,631	402,631	-	
2836	Replacement of the Synthetic Turf Athletic Field at Lafaso Field	217,888		192,361	25,527		-	192,361	-	
2845	Monroe Street Improvements and Midland Avenue Curb and Side Walk Improvements	624,915			32,891		592,024	592,024	-	
2846	Installation of a Special Needs Playground Area at 20th Century Field	60,000		39,978			20,022	11,090	8,932	
2866/2922	Rehabilitation of Jewell Street Playground	475,000	\$ 128,500		16,380		587,120	458,620	61,507	66,993
2869	Improvements to the Library	169,596			5,804	185	163,607	163,607	-	
2889	Acquisition of the Rights to Rail Line on Monroe Street	123,800					123,800	100,000	-	23,800
2908	2021 Road Improvement Program	1,428,000					1,428,000	1,280,000	30,713	117,287
2909	Basketball Court Improvements at Fire House #3	123,800.00					123,800	57,000	-	66,800
2915	Improvements to Columbus Park		1,620,625				1,620,625		-	1,620,625
2916	Stormwater Drainage Improvements		190,400				190,400		81,350	109,050
2917	Neighborhood Preservation Program Along the Passaic Street Corridor (Phase II)		161,900	112,500			49,400		17,184	32,216
2921	Various Improvements to Semel Avenue		760,000				760,000	500,000	258,206	1,794
2925	2022 Road Improvement Program		952,000				952,000	400,000	552,000	
2926	Acquisition of New Equipment and Various Public Improvements		952,000				952,000		444,673	507,327
2958	River Drive Improvement Project		5,103,950				5,103,950		5,005,678	98,272
2968	Upgrading of Communications Systems and Equipment	-	1,476,000	-	-	-	1,476,000	-	-	1,476,000
		<u>\$ 11,085,407</u>	<u>\$ 11,345,375</u>	<u>\$ 1,574,257</u>	<u>\$ 223,000</u>	<u>\$ 99,107</u>	<u>\$ 20,534,418</u>	<u>\$ 6,267,850</u>	<u>\$ 9,291,216</u>	<u>\$ 5,167,713</u>

Excess Note Proceeds:

Ord. 2836 \$ 192,361

Improvement Authorizations Unfunded

\$ 5,339,228

Less: Unexpended Note Proceeds

Ord. 2869 163,607

Ord. 2889 5,753

Ord. 2909 2,155

171,515\$ 5,167,713

CITY OF GARFIELD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS

Ord. No.	Improvement Description	Ordinance Date	Balance, December 31, 2021		Capital Improvement Fund	2022 Authorizations		Cancelled Authorizations	Paid/ Charged	Cancelled Commitment	Balance, December 31, 2022	
			Funded	Unfunded		Grants Receivable	Deferred Charges Unfunded				Funded	Unfunded
2463	Tax Appt. Funding	2006	\$ 435,000	\$ 61,060					\$ 20,000		\$ 41,060	
2598/2626/2634	Const. of Piasine River Park & Bikeway Proj.	2010	8,400,000	45,582					45,582		-	
2634	Emergency Garcutors Various	2012	1,000,000	39,120					39,120		-	
2659/2822	Emergency Garcutors Various	2013	262,500	9,746				\$ 9,746	-		-	
2663	Elgin Ave Roadway Improvement	2013	275,000	66,204				66,204	2,079		-	
2674	Kipp Ave Sewer Pump Station	2013	229,000		\$ 12,557			10,478	1,859		-	
2674	20th Century Field Improvements	2013	1,455,000	1,859				7,986	-		-	
2680	Acquisition of a New 54th-Street Leader and a New Asphalt Hot Box	2013	90,000	7,986				14	-		-	
2681	Various Improvements to City Hall and Fire Houses	2014	170,000	14				15,949	-		-	
2688	Various Improvements to Pierre Avenue	2014	1,150,000	6,217	9,732			9,729	-		-	
2696	Acquisition of New Dump Truck with Spreader and Reversible Prow	2014	112,500	9,729					-		-	
2718	Various Improvements to 20th Century Field	2015	1,400,000	119,262					2,836		116,426	\$ 332,633
2720	Piasine River De-Staging Project	2016	430,000	333,841					155,603			130,129
2738/2832/2885	Neighborhood Revitalization Streetscape and Pedestrian Safety Project (Phase I)	2016	1,450,000	333,841				48,109	18,397	\$ 522		327,632
2739/2766/2801/2851	Demolition of Existing Police Station and Construction of New Police Station	2016	7,225,000	18,397					10,922		-	
2740	School Pedestrian Safety Improvements at Various Locations (Phase II)	2016	575,000	14,695				68,207	50,000		-	
2742	Various Improvements to Lincoln Place	2016	400,000	68,207					9,325		-	
2749	Owner Lane Curb and Sidewalk Replacement Project	2016	610,000	183,946					30,294		-	
2752	Acquisition of a Front End Loader and Two Dump Trucks for DPW	2016	515,000	30,294					9,325		-	
2754	Construction of Hubert Place Dog Park	2016	120,000	4,654	4,671				20,566		-	
2762	Acquisition Phase of the River Drive Roadway and Park Inp Project	2017	1,200,000	30,566						23,357		
2763	2017 Road Improvement Program	2017	1,000,000	24,421								
2769	Demolition and Removal of Old Firehouse #4	2017	67,000	272				272				
2777	Authorize the Installation of Playground Equipment at 20th Century	2018	130,000	89,713	28,352			28,352				
2785	Authorize the Tree Planting Program	2018	270,000	19,220	-							
2787	Authorize the 2018 Comprehensive Infrastructure Improvement Prog	2018	1,490,000	13,212	-							
2794	Authorize the Acquisition of a Sewer Jet Vacuum Machine	2018	428,000	6,929					4,900			
2809	Authorize Continuation of Piasine River Park and Bikeway Project	2019	3,500,000	6,929				6,929	2,068,345			257,175
2813/2852	Road Improvement Program and Barrier Free Improvements to City Hall	2019	765,000	2,325,520	2,251			2,251	2,479			
2814	Various Improvements to Grand Street	2019	900,000	40,268	-							
2818	Acquisition of New Fire Engine	2019	925,000	13,549	-					10,143		
2824	Various Public Improvements and the Acquisition of New Auto Vehicles	2019	180,000	371,547	-			3,891	86,155			
2835	2020 Road Improvement Program	2020	1,260,000	4,842	-							
2836	Replacement of the Synthetic Turf Athletic Field at Lufkin Field	2020	510,000	57,213	-			56,614	599			
2844	Various Improvements to Public Buildings and Facilities	2020	1,000,000	515,632	-				347,030			
2845	Various Street Improvements and Midland Avenue Curb and Side Walk Improvement	2020	1,050,000	24,629	-				24,629			
2847	Neighborhood Preservation Program Along the Piasine Street Corridor	2020	160,000	9,044	-				106			
2866/2922	Rehabilitation of Jewell Street Playground	2021	635,000		85,376	\$ 6,500	\$ 128,500		153,383			66,993
2869	Improvements to the Library	2021	300,000	177,166				185	8,552			163,607
2889	Acquisition of the Right to Rail Line on Monroe Street	2021	130,000	29,553								29,553
2908	2021 Road Improvement Program	2021	1,300,000	29,553					1,219,268			117,287
2909	Basketball Court Improvements at Fire House #3	2021	130,000	1,336,555					30,100			68,955
2915	Improvements to Columbus Park	2022	3,500,000	99,055			\$ 1,879,375		384,450			1,620,625
2916	Stormwater Drainage Improvements	2022	200,000						90,990			109,090
2917	Neighborhood Preservation Program Along the Piasine Street Corridor (Phase II)	2022	170,000						161,900			32,216
2921	Various Improvements to Sunset Avenue	2022	760,000						137,784			1,794
2925	2022 Road Improvement Program	2022	1,000,000						758,286			
2926	Acquisition of New Equipment and Various Public Improvements	2022	1,000,000						952,000			
2958	River Drive Improvement Project	2022	8,900,000				3,796,050		492,673			507,327
2968	Upgrading of Communications Systems and Equipment	2022	1,550,000						5,103,950			98,272
						74,000			8,801,728			74,000
												1,476,000
			\$ 1,888,630	\$ 5,125,440	\$ 194,200	\$ 5,675,425	\$ 11,345,375	\$ 248,465	\$ 16,101,866	\$ 34,022	\$ 2,473,533	\$ 5,339,278
								</				

CITY OF GARFIELD
STATEMENT OF GENERAL SERIAL BONDS

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2022</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>					
General Improvement Bonds	10/15/2013	7,287,000	2023-2024	\$ 530,000	3.00%				
			2025	535,000	3.125%				
			2026	535,000	3.25%				
			2027	540,000	3.50%				
			2028	537,000	3.50%	\$ 3,732,000		\$ 525,000	\$ 3,207,000
General Improvement Bonds	8/15/2016	6,830,000	8/15/2023	360,000	2.00%				
			8/15/2024	360,000	2.00%				
			8/15/2025	360,000	2.00%				
			8/15/2026	360,000	2.00%				
			8/15/2027	360,000	2.00%				
			8/15/2028	360,000	2.00%				
			8/15/2029	360,000	2.00%				
			8/15/2030	360,000	2.00%				
			8/15/2031	360,000	2.25%				
			8/15/2032	360,000	2.25%				
			8/15/2033	360,000	2.375%				
			8/15/2034	360,000	2.50%				
			8/15/2035	360,000	2.50%				
			8/15/2036	360,000	2.75%	5,400,000		360,000	5,040,000

CITY OF GARFIELD
STATEMENT OF GENERAL SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2022		Interest Rate	Balance, December 31, 2021	Increased	Decreased	Balance, December 31, 2022
			Date	Amount					
General Obligation Refunding Bonds	3/1/2017	\$ 5,415,000	3/1/2023	\$ 900,000	4.00%	\$ 2,705,000		\$ 900,000	\$ 1,805,000
			3/1/2024	905,000	4.00%				
General Improvement Bonds	8/15/2018	9,250,000	8/15/2023	380,000	3.25%				
			8/15/2024	390,000	3.25%				
			8/15/2025	405,000	3.25%				
			8/15/2026	415,000	3.25%				
			8/15/2027	430,000	3.25%				
			8/15/2028	445,000	3.25%				
			8/15/2029	460,000	3.25%				
			8/15/2030	475,000	3.25%				
			8/15/2031	490,000	3.25%				
			8/15/2032	510,000	3.25%				
			8/15/2033	525,000	3.25%				
			8/15/2034	545,000	3.25%				
			8/15/2035	565,000	3.25%				
			8/15/2036	590,000	3.25%				
			8/15/2037	610,000	3.25%				
			8/15/2038	630,000	3.25%				
			General Improvement Bonds	10/15/2021	9,860,000				
10/15/2025-2027	725,000	1.50%							
10/15/2028-2036	730,000	1.50-2.00%							
						\$ 29,932,000	\$ -	\$ 2,520,000	\$ 27,412,000
Paid by Budget Appropriation								\$ 2,520,000	

CITY OF GARFIELD
STATEMENT OF GREEN ACRES LOAN PAYABLE

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loan Outstanding</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
			<u>December 31, 2022</u>	<u>December 31, 2022</u>					
			<u>Date</u>	<u>Amount</u>					
Passaic River Historic Park	12/31/2007	\$ 422,500	4/4/2023	\$ 11,892					
			10/4/2023	12,011					
			4/4/2024	12,131					
			10/4/2024	12,252					
			4/4/2025	12,375					
			10/4/2025	12,499					
			4/4/2026	12,624					
			10/4/2026	12,749					
			4/4/2027	12,877					
			10/4/2027	13,006	2.0%	\$ 147,849		\$ 23,433	\$ 124,416
20th Century Field	5/10/2018	\$ 400,000	2/10/2023	\$ 9,136					
			8/10/2023	9,227					
			2/10/2024	9,319					
			8/10/2024	9,412					
			2/10/2025	9,507					
			8/10/2025	9,602					
			2/10/2026	9,698					
			8/10/2026	9,795					
			2/10/2027	9,893					
			8/10/2027	9,992					
			2/10/2028	10,091					
			8/10/2028	10,192					
			2/10/2029	10,294					
			8/10/2029	10,397					
			2/10/2030	10,501					
			8/10/2030	10,606					
			2/10/2031	10,712					
			8/10/2031	10,819					
			2/10/2032	10,928					
			8/10/2032	11,037					
			2/10/2033	11,147					
			8/10/2033	11,259					
			2/10/2034	11,371					
			8/10/2034	11,485					
			2/10/2035	11,600					
			8/10/2035	11,716					
			2/10/2036	11,833					
			8/10/2036	11,951					
			2/10/2037	12,071					
			8/10/2037	12,192					
			2/10/2038	12,314	2.0%	348,098	-	18,001	330,097

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

Improvement Description	Date of Issue	Original Issue	Maturities of Loan Outstanding		Interest Rate	Balance, December 31, 2021	Increased	Decreased	Balance, December 31, 2022
			Date	Amount					
20th Century Field	5/16/2022	\$ 39,978	2/4/2023	\$ 843					
			8/4/2023	851					
			2/4/2024	860					
			8/4/2024	868					
			2/4/2025	877					
			8/4/2025	886					
			2/4/2026	895					
			8/4/2026	904					
			2/4/2027	913					
			8/4/2027	922					
			2/4/2028	931					
			8/4/2028	941					
			2/4/2029	950					
			8/4/2029	960					
			2/4/2030	969					
			8/4/2030	979					
			2/4/2031	989					
			8/4/2031	999					
			2/4/2032	1,009					
			8/4/2032	1,019					
			2/4/2033	1,029					
			8/4/2033	1,039					
			2/4/2034	1,050					
			8/4/2034	1,060					
			2/4/2035	1,071					
			8/4/2035	1,081					
			2/4/2036	1,092					
			8/4/2036	1,103					
			2/4/2037	1,114					
			8/4/2037	1,125					
			2/4/2038	1,136					
			8/4/2038	1,148					
			2/4/2039	1,159					
			8/4/2039	1,171					
			2/4/2040	1,183					
			8/4/2040	1,194					
			2/4/2041	1,206					
			8/4/2041	1,218					
			2/4/2042	1,231	2.0%			-	39,978
						\$ 495,947	39,978	\$ 41,434	\$ 494,491
Paid by Budget Appropriation								\$ 41,434	

CITY OF GARFIELD
STATEMENT OF DEPARTMENT OF COMMUNITY AFFAIRS LOAN PAYABLE

<u>Improvement Description</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Loan Outstanding</u>		<u>Interest Rate</u>	<u>Balance,</u>	<u>Decreased</u>	<u>Balance,</u>
			<u>Date</u>	<u>Amount</u>		<u>December 31, 2021</u>		<u>December 31, 2022</u>
Fire Company #2 - Emergency Generators	2013	\$ 44,340	1/18/2023	\$ 4,434	2.0%	\$ 8,868	\$ 4,434	\$ 4,434
Fire Company #4 - Emergency Generators	2013	44,340	1/18/2023	4,434	2.0%	<u>8,868</u>	<u>4,434</u>	<u>4,434</u>
						<u>\$ 17,736</u>	<u>\$ 8,868</u>	<u>\$ 8,868</u>
					Paid by Budget Appropriation		<u>\$ 8,868</u>	

CITY OF GARFIELD
STATEMENT OF BOND ANTICIPATION NOTES

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
2778/2799	Authorize the Installation of an Elevator at the Garfield Library	8/5/2022	8/5/2022	8/4/2023	3.75%		\$ 216,646		\$ 216,646
2809	Construction of Passaic River Park & Bikeway Project	8/7/2019	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	\$ 1,988,900	1,893,871	\$ 1,988,900	1,893,871
2814	Various Improvements to Grand Street	8/7/2019	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	450,000	402,631	450,000	402,631
2836	Replacement of the Synthetic Turf Athletic Field at Lafaso Field	8/7/2020	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	217,888	192,361	217,888	192,361
2845	Monroe Street Improvements and Midland Avenue Curb and Side Walk Impr	8/6/2021	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	624,915	592,024	624,915	592,024
2846	Installation of a Special Needs Playground Area at 20th Century Field	8/5/2022	8/5/2022	8/4/2023	3.75%		11,090		11,090
2866	Rehabilitation of Jewell Street Playground	8/6/2021	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	475,000	458,620	475,000	458,620
2869	Improvements to the Library	8/6/2021	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	168,297	163,607	168,297	163,607
2889	Acquisition of the Rights to Rail Line on Monroe Street	8/5/2022	8/5/2022	8/4/2023	3.75%		100,000		100,000
2908	2021 Road Improvement Program	8/5/2022	8/5/2022	8/4/2023	3.75%		1,280,000		1,280,000
2909	Basketball Court Improvements at Fire House #3	8/5/2022	8/5/2022	8/4/2023	3.75%		57,000		57,000
2921	Various Improvements to Semel Avenue	8/5/2022	8/5/2022	8/4/2023	3.75%		500,000		500,000
2925	2022 Road Improvement Program	8/5/2022	8/5/2022	8/4/2023	3.75%	-	400,000	-	400,000
						<u>\$ 3,925,000</u>	<u>\$ 6,267,850</u>	<u>\$ 3,925,000</u>	<u>\$ 6,267,850</u>
						Renewal Paid by Budget Appropriation Issued for Cash	\$ 3,702,000 223,000 2,565,850	\$ 3,702,000 223,000 -	
							<u>\$ 6,267,850</u>	<u>\$ 3,925,000</u>	

**CITY OF GARFIELD
STATEMENT OF CONTRACTS PAYABLE**

Balance, December 31, 2021		\$ 2,331,994
Increased by:		
Charges to Improvement Authorizations		<u>13,133,437</u>
		15,465,431
Decreased by:		
Cash Disbursements	\$ 2,297,972	
Cancelled to Improvement Authorizations	<u>34,022</u>	
		<u>2,331,994</u>
Balance, December 31, 2022		<u>\$ 13,133,437</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2021		\$ 390,355
Increased by:		
2022 Budget Appropriation		<u>200,000</u>
		590,355
Decreased by:		
Appropriated to Finance Improvement Authorizations		<u>194,200</u>
Balance, December 31, 2022		<u>\$ 396,155</u>

CITY OF GARFIELD
STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, December 31, 2021		\$ 413,805
Increased by:		
Excess Proceeds on Bonded Ordinances	\$ 409,568	
Grant Proceeds Received	<u>25,527</u>	
		<u>435,095</u>
		848,900
Decreased by:		
Realized as Current Fund Anticipated Revenue		<u>71,660</u>
Balance, December 31, 2022		<u>\$ 777,240</u>

CITY OF GARFIELD
STATEMENT OF RESERVE FOR FUTURE IMPROVEMENTS

	<u>DPW</u>	<u>Recreation Building</u>	<u>Firehouse Improvements</u>	<u>Library</u>	<u>Total</u>
Balance, December 31, 2021	\$ 48,083	\$ 70,547	\$ 58,256	\$ 25,732	\$ 202,618
Increased by:					
Insurance Reimbursement	<u>-</u>	<u>-</u>	<u>34,794</u>	<u>-</u>	<u>34,794</u>
	<u>48,083</u>	<u>70,547</u>	<u>93,050</u>	<u>25,732</u>	<u>237,412</u>
Decreased by:					
Cash Disbursements	<u>-</u>	<u>3,350</u>	<u>16,080</u>	<u>-</u>	<u>19,430</u>
Balance, December 31, 2022	<u>\$ 48,083</u>	<u>\$ 67,197</u>	<u>\$ 76,970</u>	<u>\$ 25,732</u>	<u>\$ 217,982</u>

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

Ord. No.	Improvement Description	Balance, December 31, 2021	2022 Authorizations	Grants/Loan Proceeds	Bond Anticipation Notes Issues	Cancelled	Balance, December 31, 2022
2664	Kipp Ave Sewer Pump Station	\$ 194,000				\$ 10,478	\$ 183,522
2688	Various Improvements to Pierre Ave.	9,732				9,732	-
2712/2717	2015 Road Improvement Program	231,225					231,225
2730	Passaic River De-Snagging Project	350,000					350,000
2738/2850/2885	Neighborhood Revitalization Streetscape and Pedestrian Safety Project (Phase I)	1,660,000		\$ 1,029,418		48,109	582,473
2740	School Pedestrian Safety Improvements at Various Locations (Phase II)	327,622					327,622
2754	Construction of Hobart Place Dog Park	4,671					4,671
2762	Acquisition Phases of the River Drive Roadway and Park Improvement Project	1,200,000					1,200,000
2766/2801/2851	Demolition of Existing Police Station and Construction of New Police Station	-					-
2777	Authorize the Installation of Playground Equipment at 20th Century	28,352				28,352	-
2778/2799	Authorize the Installation of an Elevator at the Garfield Library	251,646			\$ 216,646		35,000
2809	Continuation of Passaic River Park and Bikeway Project	1,164,009		200,000			964,009
2813/2852	2019 Road Improvement Program and Barrier Free (ADA) Improvements to City Hall	2,251				2,251	-
2844	Various Improvements to Public Buildings and Facilities	-					-
2845	Monroe Street Improvements and Midland Avenue Curb and Side Walk Improvements	-					-
2846	Installation of a Special Needs Playground Area at 20th Century Field	60,000		39,978	11,090		8,932
2847	Neighborhood Preservation Program Along the Passaic Street Corridor	-					-
2866/2922	Rehabilitation of Jewell Street Playground	-	\$ 128,500				128,500
2869	Improvements to the Library	1,299			1,114	185	-
2889	Acquisition of the Rights to Rail Line on Monroe Street	123,800			100,000		23,800
2908	2021 Road Improvement Program	1,428,000			1,280,000		148,000
2909	Basketball Court Improvements at Fire House #3	123,800			57,000		66,800
2915	Improvements to Columbus Park		1,620,625				1,620,625
2916	Stormwater Drainage Improvements		190,400				190,400
2917	Neighborhood Preservation Program Along the Passaic Street Corridor (Phase II)		161,900	112,500			49,400
2921	Various Improvements to Semel Avenue		760,000		500,000		260,000
2925	2022 Road Improvement Program		952,000		400,000		552,000
2926	Acquisition of New Equipment and Various Public Improvements		952,000				952,000
2958	River Drive Improvement Project		5,103,950				5,103,950
2968	Upgrading of Communications Systems and Equipment	-	1,476,000	-	-	-	1,476,000
		<u>\$ 7,160,407</u>	<u>\$ 11,345,375</u>	<u>\$ 1,381,896</u>	<u>\$ 2,565,850</u>	<u>\$ 99,107</u>	<u>\$ 14,458,929</u>

WATER UTILITY FUND

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

	<u>Operating</u>	<u>Capital</u>
Balance, December 31, 2021	\$ 5,185,596	\$ 3,841,647
Increased by Receipts:		
Water Revenue Rents	\$ 1,981,177	
Miscellaneous Revenue Not Anticipated	43,558	
Receipts from Water Utility Capital Fund	241	
Receipts from Current Fund	-	\$ 51,046
Grant Receipts		800,000
Premium on Bond Anticipation Notes	<u>-</u>	<u>32,564</u>
	<u>2,024,976</u>	<u>883,610</u>
	7,210,572	4,725,257
Decreased by:		
2022 Budget Appropriations	3,246,732	
2021 Appropriation Reserves	289,885	
Improvement Authorizations		1,193,305
Contracts Payable		1,705,565
Accrued Interest on Bonds, Notes and Loans	137,388	
Payments to Current Fund	1,006,271	-
Payments to Water Utility Operating Fund	<u>-</u>	<u>241</u>
	<u>4,680,276</u>	<u>2,899,111</u>
Balance, December 31, 2022	<u>\$ 2,530,296</u>	<u>\$ 1,826,146</u>
Cash	\$ 2,530,196	
Change Fund	<u>100</u>	
	<u>\$ 2,530,296</u>	

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

Balance,
December 31,
2022

Fund Balance	\$ 41,442
Capital Improvement Fund	8,400
Contracts Payable	2,968,659
Reserve for Preliminary Engineering Expenses	10,000
Reserve for Infrastructure and Rate Stabilization	30,000
Reserve for Payment of Debt	167,655
Reserve for Improvements - Lead Line Replacement	220,000

Improvement Authorizations

Ord.
No.

2518	Supplemental - Water Infrastructure	13,165
2563	Improvements to Palisade Avenue Water Line	149,192
2627	Rehabilitation of Water lines at Various Locations	10,467
2768	Installation and Activation of Well No.2R	139,060
2795	Various Well Improvement	73,778
2815	Various Public Improv., New Equip and Vehicle	574,190
2821	Replacement of Water Meters (Phase 1)	55,732
2868	Water Infrastructure Improvements	127,311
2911	Installation of Water Treatment Facilities	(134,456)
2946	Installation of Water Treatment Facilities	(985,453)
2947	Replacement of Water Meters	<u>(1,642,996)</u>
		<u>\$ 1,826,146</u>

CITY OF GARFIELD
STATEMENT OF DUE FROM WATER UTILITY CAPITAL FUND
WATER UTILITY OPERATING FUND

Balance, December 31, 2021	\$ 241
Decreased by:	
Payments From Water Capital	<u>241</u>
Balance, December 31, 2022	<u><u>\$ -</u></u>

STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN RECEIVABLE
WATER UTILITY CAPITAL FUND

Balance, December 31, 2021	\$ 27,397
Decreased by:	
Cancelled Receivable	<u>27,397</u>
Balance, December 31, 2022	<u><u>\$ -</u></u>

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

<u>Account</u>	Balance, December 31, <u>2021</u>	Increased by Transfer from Fixed Capital Authorizations <u>Uncompleted</u>	Balance, December 31, <u>2022</u>
Fixed Capital Installed as part of the			
Original Plant	\$ 124,080		\$ 124,080
Land	116,568		116,568
Springs and Wells	2,488,770		2,488,770
Pumping Stations	663,741		663,741
Electric and Steam Power Equipment	88,917		88,917
Gas and Power Pumping Equipment	256		256
Reservoirs, Tanks and Standpipes	3,005		3,005
Meters, Meter Boxes and Vaults	363,530		363,530
Distribution Mains and Accessories	959,811		959,811
Hydrants and Cisterns	19,126		19,126
Fountain Troughs and Other Equipment	310		310
Chlorinator	1,000		1,000
Engineering and Supervision of Construction	17,859		17,859
Legal	987		987
Miscellaneous Construction Expenses	3,119		3,119
General Structures	13,138		13,138
Franchise	160		160
General Equipment	73,794		73,794
Water Supply and Distribution System	2,544,527		2,544,527
Automotive and Other Equipment	55,018		55,018
Accounting Machine	6,914		6,914
Water Storage Tank	200,000		200,000
Improvement to Water Lines	2,513,707		2,513,707
Improvement to Water Supply System	4,590,345	\$ 580,000	5,170,345
Replacement of Pumping Station and Water Storage Tanks	6,700,000		6,700,000
Repair and Replace Water Meters	160,000	-	160,000
	<u>\$ 21,708,682</u>	<u>\$ 580,000</u>	<u>\$ 22,288,682</u>

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

Ord. No.	Improvement Description	Ordinance Date	Amount	Balance, December 31, 2021	Increased by: Current Year Authorizations	Decreased by: Transfer to Fixed Capital	Balance, December 31, 2022
2563	Improvements of Palisade Ave. Water Line	8/18/2009	\$ 400,000	\$ 400,000			\$ 400,000
2627	Rehabilitation of Water lines at Various Locations	3/20/2012	300,000	300,000			300,000
2768	Decommissioning of Well No.2	2017	245,000	245,000			245,000
2795	Various Well Improvement	2018	900,000	900,000			900,000
2815	Various Public Improv., New Equip and Vehicle	6/26/2019	750,000	750,000			750,000
2821/2888/2907	Replacement of Water Meters	9/11/2019	1,200,000	1,760,000			1,760,000
2865	Various Public Improvements	3/23/2021	580,000	580,000		\$ 580,000	-
2868	Water Infrastructure Improvements	4/27/2021	375,000	375,000			375,000
2911	Installation of Water Treatment Facilities	12/21/2021	160,000	160,000			160,000
2946	Installation of Water Treatment Facilities	7/19/2022	1,850,000		\$ 1,850,000		1,850,000
2947	Replacement of Water Meters	7/19/2022	1,660,000	-	1,660,000	-	1,660,000
				<u>\$ 5,470,000</u>	<u>\$ 3,510,000</u>	<u>\$ 580,000</u>	<u>\$ 8,400,000</u>
				Debt Authorized: \$ 2,655,000			
				Reserve for Deferred Amortization: 855,000			
				<u>\$ 3,510,000</u>			

CITY OF GARFIELD
STATEMENT OF RESERVE FOR AMORTIZATION
WATER UTILITY CAPITAL FUND

Balance, December 31, 2021	\$ 15,298,451
Increased by:	
Principal Paid by Budget Appropriation	
Serial Bonds	\$ 350,000
Bond Anticipation Notes	1,050,850
Environmental Infrastructure Trust Loan	<u>338,860</u>
	<u>1,739,710</u>
Balance, December 31, 2022	<u>\$ 17,038,161</u>

STATEMENT OF RESERVE FOR DEFERRED AMORTIZATION
WATER UTILITY CAPITAL FUND

Balance, December 31, 2021	\$ 3,601,659
Increased by:	
Fixed Capital Authorized	<u>855,000</u>
Balance, December 31, 2022	<u>\$ 4,456,659</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT
WATER UTILITY CAPITAL FUND

Balance, December 31, 2021	<u>\$ 167,655</u>
Balance, December 31, 2022	<u>\$ 167,655</u>

CITY OF GARFIELD
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
WATER UTILITY CAPITAL FUND

Ordinance Number	Improvement Description	Date	Amount	Balance, December 31, 2021		2022 Authorizations	Paid or Charged	Balance, December 31, 2022	
				Funded	Unfunded			Funded	Unfunded
2518	Supplemental Water Infrastructure	12/11/2007	\$ 400,000	\$ 33,953			\$ 20,788	\$ 13,165	
2544	Improvement of Elmwood Park Well Field	2/10/2009	500,000	12,059			12,059	-	
2563	Improvements to Palisade Avenue Water Line	8/18/2009	400,000	272,341			123,149	149,192	
2615	Replacement of Well No. 8R and Other Improv.	7/11/2011	240,000	180			180	-	
2627	Rehabilitation of Water lines at Various Locations	3/20/2012	300,000	16,300			5,833	10,467	
2768	Decommissioning of Well No.2	9/26/2017	245,000		\$ 150,773		11,713	\$ 139,060	
2795	Various Well Improvement	11/19/2018	900,000		169,751		95,973		73,778
2815	Various Public Improv., New Equip and Vehicle	8/14/2019	925,000		574,949		759		574,190
2821/2888/2907	Replacement of Water Meters (Phase 1)	9/11/2019	1,200,000	64,732	-		9,000	55,732	-
2865	Various Public Improvements	3/23/2021	580,000		102,418		102,418		-
2868	Water Infrastructure Improvements	4/27/2021	375,000		289,678		162,367		127,311
2911	Installation of Water Treatment Facilities	12/21/2021	160,000	-	160,000		134,456	-	25,544
2946	Installation of Water Treatment Facilities - Elmwood Park Well Field	7/19/2022	1,850,000			\$ 1,850,000	1,840,453		9,547
2947	Replacement of Water Meters	7/19/2022	1,660,000	-	-	1,660,000	1,642,996	-	17,004
				<u>\$ 399,565</u>	<u>\$ 1,447,569</u>	<u>\$ 3,510,000</u>	<u>\$ 4,162,144</u>	<u>\$ 228,556</u>	<u>\$ 966,434</u>
							Cash Disbursements	\$ 1,193,305	
							Cancelled to Fund Balance	180	
							Contracts Payable	2,968,659	
								<u>\$ 4,162,144</u>	
							Capital Fund Balance:	\$ 55,000	
							American Rescue Plan Grant:	800,000	
							Deferred Charges - Unfunded:	2,655,000	
								<u>\$ 3,510,000</u>	

CITY OF GARFIELD
STATEMENT OF ACCRUED INTEREST ON BONDS, NOTES AND LOANS
WATER UTILITY OPERATING FUND

Balance, December 31, 2021	\$ 49,147
Increased by:	
Budget Appropriation	<u>163,386</u>
	212,533
Decreased by:	
Cash Disbursements	<u>137,388</u>
Balance, December 31, 2022	<u>\$ 75,145</u>

STATEMENT OF CONSUMER ACCOUNTS RECEIVABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2021	\$ 546,700
Increased by:	
Water Rents Levied	<u>2,558,303</u>
	3,105,003
Decreased by:	
Cash Receipts	<u>1,981,177</u>
Balance, December 31, 2022	<u>\$ 1,123,826</u>

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

Balance, December 31, 2021	\$ <u>8,400</u>
Balance, December 31, 2022	\$ <u>8,400</u>

**STATEMENT OF RESERVE FOR PRELIMINARY ENGINEERING FEES
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ <u>10,000</u>
Balance, December 31, 2022	\$ <u>10,000</u>

**CITY OF GARFIELD
STATEMENT OF SERIAL BONDS PAYABLE
WATER UTILITY CAPITAL FUND**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturities of Bonds Outstanding December 31, 2022</u>		<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Decreases</u>	<u>Balance, December 31, 2022</u>
			<u>Date</u>	<u>Amount</u>				
Water Utility Bonds	10/15/2013	3,003,000	2023	\$ 220,000	3.000%			
			2024	230,000	3.000%			
			2025	250,000	3.125%			
			2026	250,000	3.250%			
			2027	260,000	3.500%			
			2028	258,000	3.500%	\$ 1,678,000	\$ 210,000	\$ 1,468,000
Water Utility Refunding Bonds	2/25/2015	820,000	2023	70,000	2.250%			
			2024	65,000	2.375%			
			2025	65,000	2.500%			
			2026	65,000	2.625%	335,000	70,000	265,000
Water Utility Refunding Bonds	3/1/2017	975,000	2023-2024	70,000	4.000%			
			2025	120,000	4.000%			
			2028	410,000	3.000%	<u>740,000</u>	<u>70,000</u>	<u>670,000</u>
						<u>\$ 2,753,000</u>	<u>\$ 350,000</u>	<u>\$ 2,403,000</u>
Paid by Budget Appropriation							<u>\$ 350,000</u>	

CITY OF GARFIELD
STATEMENT OF ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE
WATER UTILITY CAPITAL FUND

Balance, December 31, 2021	\$ 1,087,572
Decreased by:	
Principal Paid by Budget Appropriation	<u>338,860</u>
Balance, December 31, 2022	<u>\$ 748,712</u>

CITY OF GARFIELD
STATEMENT OF BOND ANTICIPATION NOTES
WATER UTILITY CAPITAL FUND

<u>Ord. No.</u>	<u>Improvement Description</u>	<u>Date of Issue of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance, December 31, 2021</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2022</u>
2240/2257	Water Utility Improvements	8/26/2016	8/6/2021	8/5/2022	1.00%	\$ 861,974		\$ 861,974	
2655	Improvements to Wells 1, 1A and 2	8/26/2016	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	230,886	\$ 154,304	230,886	\$ 154,304
2719	Repair and Replace Water Meters and Acquisition of Fire Hydrants	8/26/2016	8/6/2021	8/5/2022	1.00%	106,217		106,217	
2767	Various Improvements to Reactivate Well No.8C	8/7/2018	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	232,025	229,050	232,025	229,050
2768	Installation and Activation of Well No.2R	8/7/2018	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	241,898	238,796	241,898	238,796
2795	Various Well Improvement	8/7/2020	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	900,000	900,000	900,000	900,000
2815	Various Public Improv., New Equip and Vehicle	8/7/2020	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	750,000	750,000	750,000	750,000
2865	Various Public Improvements	8/6/2021	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	580,000	580,000	580,000	580,000
2868	Water Infrastructure Improvements	8/6/2021	8/5/2022 8/6/2021	8/4/2023 8/5/2022	3.75% 1.00%	375,000	375,000	375,000	375,000
						<u>\$ 4,278,000</u>	<u>\$ 3,227,150</u>	<u>\$ 4,278,000</u>	<u>\$ 3,227,150</u>
						Renewals	\$ 3,227,150	\$ 3,227,150	
						Paid by Budget Appropriation	-	1,050,850	
							<u>\$ 3,227,150</u>	<u>\$ 4,278,000</u>	

CITY OF GARFIELD
STATEMENT OF 2021 APPROPRIATION RESERVES
WATER UTILITY OPERATING FUND

	Balance, December 31, <u>2021</u>	Balance After <u>Modification</u>	<u>Expended</u>	Balance <u>Lapsed</u>
Operating				
Salaries and Wages	\$ 8,623	\$ 8,623		\$ 8,623
Other Expenses	<u>24,433</u>	<u>408,164</u>	<u>\$ 289,885</u>	<u>118,279</u>
	<u>\$ 33,056</u>	<u>\$ 416,787</u>	<u>\$ 289,885</u>	<u>\$ 126,902</u>
Appropriation Reserves	\$ 33,056			
Encumbrances Restored		<u>383,731</u>		
		<u>\$ 416,787</u>		
Cash Disbursements			<u>\$ 289,885</u>	

EXHIBIT D-23

STATEMENT OF ENCUMBRANCES PAYABLE
WATER UTILITY OPERATING FUND

Balance, December 31, 2021	\$ 383,731
Increased by:	
Charged to 2022 Budget Appropriations	<u>349,421</u>
	733,152
Decreased by:	
Restored to 2021 Appropriation Reserves	<u>383,731</u>
Balance, December 31, 2022	<u>\$ 349,421</u>

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

Balance, December 31, 2021	\$ 1,705,565
Increased by:	
Charged to Improvement Authorizations	<u>2,968,659</u>
	4,674,224
Decreased by:	
Cash Disbursements	<u>1,705,565</u>
Balance, December 31, 2022	<u>\$ 2,968,659</u>

**STATEMENT OF RESERVE FOR INFRASTRUCTURE AND RATE STABILIZATION
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021	<u>\$ 30,000</u>
Balance, December 31, 2022	<u>\$ 30,000</u>

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

Balance, December 31, 2021	\$ 51,046
Decreased by:	
Receipts from Current	<u>\$ 51,046</u>
Balance, December 31, 2022	<u>\$ -</u>

EXHIBIT D-27

**CITY OF GARFIELD
STATEMENT OF ACCOUNTS PAYABLE
WATER UTILITY OPERATING FUND**

Balance, December 31, 2021	\$ <u>15,000</u>
Decreased by:	
Cancelled to Operations	<u>8,000</u>
Balance, December 31, 2022	\$ <u>7,000</u>

EXHIBIT D-28

**STATEMENT OF DUE TO CURRENT FUND
WATER UTILITY OPERATING FUND**

Balance, December 31, 2021 - Due To	\$ 506,271
Decreased by :	
Payments to Current Fund	<u>1,006,271</u>
Balance, December 31, 2022 - (Due From)	\$ <u>(500,000)</u>

EXHIBIT D-29

**STATEMENT OF RESERVE FOR IMPROVEMENTS - LEAD LINE REPLACEMENT
WATER UTILITY CAPITAL FUND**

Balance, December 31, 2021	\$ <u>220,000</u>
Balance, December 31, 2022	\$ <u>220,000</u>

CITY OF GARFIELD
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED
WATER UTILITY CAPITAL FUND

<u>Ordinance Number</u>	<u>Improvement Description</u>	Balance, December 31, <u>2021</u>	Increased by: 2022 <u>Authorizations</u>	Balance, December 31, <u>2022</u>
2911	Installation of Water Treatment Facilities	\$ 160,000		\$ 160,000
2946	Installation of Water Treatment Facilities	-	\$ 995,000	995,000
2947	Replacement of Water Meters	-	1,660,000	1,660,000
		<u>\$ 160,000</u>	<u>\$ 2,655,000</u>	<u>\$ 2,815,000</u>

EXHIBIT D-31

STATEMENT OF EMERGENCY NOTE PAYABLE

Balance, December 31, 2021	<u>\$ 500,000</u>
Balance, December 31, 2022	<u>\$ 500,000</u>

**CITY OF GARFIELD
STATEMENT OF GRANTS RECEIVABLE
WATER UTILITY CAPITAL FUND**

	Balance, December 31, <u>2021</u>	Grant <u>Award</u>	Cash <u>Receipts</u>	Balance, December 31, <u>2022</u>
Ordinance 2946 - Water Treatment Facilities:				
American Rescue Plan	-	\$ 800,000	\$ 800,000	-
	<u>\$ -</u>	<u>\$ 800,000</u>	<u>\$ 800,000</u>	<u>\$ -</u>

CITY OF GARFIELD
PART II
GOVERNMENT AUDITING STANDARDS
AND
SINGLE AUDIT



LERCH, VINCI & BLISS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements – regulatory basis of the City of Garfield as of and for the year ended December 31, 2022, and the related notes to the financial statements, and have issued our report thereon dated August 2, 2023. Our report on the financial statements – regulatory basis was modified to indicate that the financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States, to meet the financial reporting requirements of the State of New Jersey for municipal government entities as described in Note 1. In addition, our report on the financial statements – regulatory basis was modified on the regulatory basis of accounting because of the presentation of the unaudited LOSAP Trust Fund.

Report on Internal Control over Financial Reporting

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

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

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

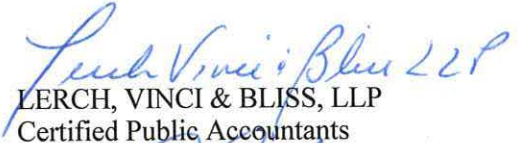
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Garfield'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 and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Garfield's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Garfield's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
August 2, 2023



LERCH, VINCI & BLISS, LLP

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

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

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

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

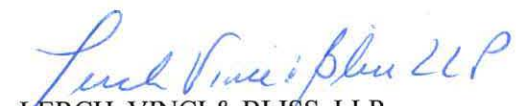
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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

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

We have audited the financial statements - regulatory basis of the City of Garfield as of and for the year ended December 31, 2022, and the related notes to the financial statements and have issued our report thereon dated August 2, 2023, which contained an unmodified opinion on those financial statements prepared in accordance with the regulatory basis of accounting and also contained a modified opinion on those financial statements because they were not prepared in accordance with accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.



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



Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398

Fair Lawn, New Jersey
August 2, 2023

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

<u>Federal Grantor</u>	<u>Program</u>	<u>AL Number</u>	<u>Grant Year</u>	<u>Original Grant Award</u>	<u>2022 Receipts</u>	<u>Balance, December 31, 2021</u>	<u>2022 Award</u>	<u>2022 Grant Expenditures</u>	<u>Adjustments</u>	<u>Balance, December 31, 2022</u>	<u>(Memo) Cumulative Expended</u>
Department of Housing and Urban Development											
Department of Housing and Urban	Community Development Block Grant (Passed through County of Bergen)	14.218									
	Various Improvements to Pierre Avenue (Ord. 2688)		2014	\$ 782,778		\$ 15,949			\$ 15,949	\$ -	\$ 782,778
	Playground Equipment 20th Century (Ord. 2777)		2018	100,000		90,000			287	89,713	10,287
	Senior Center		2022	338,000	\$ 69,211		\$ 338,000	\$ 21,000		317,000	21,000
	Vaccination Support		2022	17,968	17,968		17,968			17,968	-
Department of Agriculture											
Department of Agriculture	Department of Agriculture (Passed through State of New Jersey Department of Agriculture)										
	Summer Food Service Program for Children	10.559	2012	93,753		12,679				12,679	81,074
			2013	100,976		13,757				13,757	87,219
			2014	107,438		16,364				16,364	91,074
			2018	106,962		49,939				49,939	57,023
			2019	108,727		27,332				27,332	81,395
			2020	40,033		40,033				40,033	-
			2021	145,540		145,540				145,540	-
			2022	109,380	\$ 109,380	-	\$ 109,380			109,380	-
Department of Justice	Department of Justice Cops De-Escalation Grant		2022	82,780	82,780	-	82,780	37,000		45,780	37,000
	Cops De-Escalation Grant		2021	620		620		620		-	620
Department of Transportation	Department of Transportation - Division of Highway Traffic Safety (Passed through State of New Jersey Department of Law and Public Safety)										
	Click It or Ticket	20.616	2021	7,500		5,000			5,000	-	7,500
	Click It or Ticket	20.616	2022	500	500		500		500	-	500
	Distracted Driving		2021	9,000		-				-	9,000
	Distracted Driving		2022	10,500	10,500	-	10,500			10,500	-
	Year End Drunk Driving	20.616	2021	12,000		5,000		5,000		-	12,000
	Division of Federal Highway Administration (Passed through State of New Jersey Department of Transportation)										
	Ord. 2663 - Farnham Ave Roadway Improvements	20.205	2013	167,500		66,204			66,204	-	167,500
Department of Health and Human Services	American Rescue Plan (Passed through County of Bergen)										
		21.027	2021	1,664,335		1,664,335	-	1,664,335	-	-	1,664,335
		21.027	2022	1,664,335	1,664,335		1,664,335		1,253,826	410,509	1,253,826
	FEMA Hurricane Isaias	97.036	2022	97,611	97,611	-	97,611	97,611	-	-	97,611
						<u>\$ 2,152,752</u>	<u>\$ 2,321,074</u>	<u>\$ 1,825,566</u>	<u>\$ 1,341,766</u>	<u>\$ 1,306,494</u>	

CITY OF GARFIELD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022

<u>State Grantor</u>	<u>Program</u>	<u>Grant Number</u>	<u>2022 Receipts</u>	<u>Balance, December 31, 2021</u>	<u>2022 Grant Award</u>	<u>2022 Grant Expenditures</u>	<u>Adjustments</u>	<u>Balance, December 31, 2022</u>	<u>(Memo) Cumulative Expended</u>
Dept. of Environmental Protection									
	Solid Waste Administration								
	Clean Communities - 2021	4900-765-178910		\$ 19,572		\$ 19,572			30,904
	Clean Communities - 2022	4900-765-178910	\$ 49,874		\$ 49,874	1,356		\$ 48,518	1,356
	Recycling Tonnage Grant - 2020	4900-752-178810		36,492		36,492		-	52,342
	Recycling Tonnage Grant - 2021	4900-752-178810		40,973	-	25,593		15,380	25,593
	Recycling Tonnage Grant - 2022	4900-752-178810	45,678		45,678			45,678	
	Passaic River Park and Bikeway - Ord. 2809	*		1,557,284		-		1,557,284	-
	Imp to Columbus Park - Ord 2915		1,200,000		1,200,000	-		1,200,000	-
	Green Acres Grant Program								
	Passaic River De-Snagging Project - Ord. 2730	*		14,937				14,937	200,563
	Community Energy Plan		10,000		10,000			10,000	-
	UCF Trees		49,200		49,200	49,200		-	49,200
Department of Transportation									
	Streetscape and Pedestrian Safety Project - Ord. 2738	6310-480-601395		621,245		621,245		-	723,841
	School Pedestrian Safety Improvements - Ord. 2740	6310-480-601395		162,317		-		162,317	163,555
	Midland Ave Curbs and Sidewalks - Ord. 2845			3,945		-		3,945	-
	River Drive Improvement Project - Ord. 2958		500,000		500,000	-		500,000	
County of Bergen									
	River Drive Improvement Project - Ord. 2958		3,296,050		3,296,050	-		3,296,050	-
	Open Space - Imp to Columbus Park - Ord 2915		679,375		679,375	-		679,375	-
Dept. of Law and Public Safety									
	Alcohol Education and Rehabilitation - Prior	9735-700-060000		19,744				19,744	6,331
	Alcohol Education and Rehabilitation - 2016	9735-700-060000		6,285				6,285	-
	Alcohol Education and Rehabilitation - 2017	9735-700-060000		3,989				3,989	-
	Alcohol Education and Rehabilitation - 2018	9735-700-060000		7,543				7,543	-
	Alcohol Education and Rehabilitation - 2019	9735-700-060000		7,234				7,234	-
	Alcohol Education and Rehabilitation - 2020	9735-700-060000		3,751				3,751	-
	Alcohol Education and Rehabilitation - 2021	9735-700-060000		2,045				2,045	-
	Alcohol Education and Rehabilitation - 2021	9735-700-060000	6,791	-	6,791			6,791	-
	Body Armor Protection Program - 2021	2019-066-1020-718-001		5,607		5,607		-	6,092
	Body Armor Protection Program - 2022	2020-066-1020-718-001	2,751		2,751	2,004		747	2,004
	Municipal Alliance on Alcoholism and Drug Abuse - 21-22		5,754		5,754			5,754	
	Municipal Alliance on Alcoholism and Drug Abuse - 22-23		5,754		5,754			5,754	
	Drunk Driving Enforcement Fund			81,981		40,991		40,990	40,991
	Body Worn Cameras			66,780		36,088		30,692	36,088
	Body Worn Cameras - 2022		52,988		52,988			52,988	-

CITY OF GARFIELD
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022

<u>State Grantor</u>	<u>Program</u>	<u>Grant Number</u>	<u>2022 Receipts</u>	<u>Balance, December 31, 2021</u>	<u>2022 Grant Award</u>	<u>2022 Grant Expenditures</u>	<u>Adjustments</u>	<u>Balance, December 31, 2022</u>	<u>(Memo) Cumulative Expended</u>
Department of Community Affairs									
	Neighborhood Preservation Program	NPP-2019		5,033			(5,033)	-	71,690
	Neighborhood Preservation Program	NPP-2021		46,211			(46,211)	-	-
	Neighborhood Preservation Program	NPP-2022	125,000		125,000			125,000	
	Barrier Free Improvements - Ord. 2869			7,570				7,570	122,834
	ROID Grant		11,715	-	11,715			11,715	-
	Local Recreation Improvement Grant (LRIG)		75,000		75,000	72,910		2,090	72,910
	ARP Recreation Family Development		240,000		240,000	47,841		192,159	47,841
	ARP Firefighter		22,326		22,326	22,326		-	22,326
	Historical Commission Grant		325		325			325	-
Department of Health and Human Services									
	Child Care Grant		17,000		17,000			17,000	
	Public Health Priority Funding	4230-100-031030		17,029				17,029	
	AARP Health Grant			4,000				4,000	
	Mid Bergen Vaccine		7,417		7,417	4,000		3,417	4,000
	National Opioid Settlement		20,327		20,327			20,327	
	Hepatitis B Inoculation	4230-100-034740		1,083	-	-	-	1,083	
				<u>\$ 2,742,650</u>	<u>\$ 6,425,347</u>	<u>\$ 985,225</u>	<u>\$ (51,244)</u>	<u>\$ 8,131,528</u>	

* = Not Available

Note: This schedule is not subject to Single Audit in accordance with New Jersey OMB 15-08.

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

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

NOTE 1 REPORTING ENTITY

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

NOTE 2 BASIS OF PRESENTATION

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City conform to the accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") which is a regulatory basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for federal awards and state financial assistances through separate funds and accounts which differ from those required by accounting principles generally accepted in the United States of America. The City's summary of significant accounting policies are described in Note 1 to the City's Financial Statements.

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
Current Fund	\$ 2,321,074	\$ 747,900	\$ 3,068,974
General Capital Fund	<u>-</u>	<u>5,677,447</u>	<u>5,677,447</u>
	<u>\$ 2,321,074</u>	<u>\$ 6,425,347</u>	<u>\$ 8,746,421</u>

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

NOTE 5 STATE LOANS OUTSTANDING

The City’s state loans outstanding at December 31, 2022, which are not required to be reported on the schedules of expenditures of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State</u>
Green Acres Loan Program	\$ 494,491
DCA Loan Program	8,868
Environmental Infrastructure Trust Loan	<u>748,712</u>
	<u>\$ 1,252,071</u>

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

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued:	<u>Modified (Unaudited LOSAP Fund and Omitted OPEB Disclosure)</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u>X</u> no
2) Were significant deficiencies identified that are not considered to be material weaknesses?	_____ yes <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes <u>X</u> no

Federal Awards Section

Dollar threshold used to determine Type A programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_____ yes <u>X</u> no
Type of auditors' report on compliance for major programs:	<u>Unmodified</u>
Internal Control over compliance:	
1) Material weakness(es) identified?	_____ yes <u>X</u> no
2) Were significant deficiencies identified that are not considered to be material weaknesses?	_____ yes <u>X</u> none reported
Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a))	_____ yes <u>X</u> no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>21.027</u>	<u>American Rescue Plan Act</u>

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

Part I – Summary of Auditor's Results

State Awards Section

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

Auditee qualified as low-risk auditee? yes X no

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

Internal Control over compliance:

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

2) Were significant deficiencies identified that are
not considered to be material weaknesses? yes X none reported

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

Identification of major programs:

GMIS Number(s)	Name of State Program
6310-480-601395	Department of Transportation

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

Part 2 – Schedule of Financial Statement Findings

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

There are none.

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

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

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

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

STATUS OF PRIOR YEAR FINDINGS

Finding 2021-001

Our audit of City expenditures indicated that the following projects awarded through the bidding process, did not have bid packets available at the time of audit:

- Neighborhood Revitalization Project with Zuccaro Inc.
- Improvements to the Water System with Fred Devens Construction
- Street Sweeping Services with TSS Facility Services

Current Status

Corrective action was taken.

CITY OF GARFIELD

PART III

SUPPLEMENTARY DATA

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

**CITY OF GARFIELD
SUPPLEMENTARY DATA**

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

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 3,964,000	4.59%	\$ 3,964,000	4.85%
Miscellaneous - From Other Than Local				
Property Tax Levies	13,018,046	15.08%	10,836,666	13.27%
Collection of Delinquent Taxes and Tax Title Liens	993,906	1.15%	869,609	1.06%
Collection of Current Tax Levy	66,436,384	76.97%	64,213,669	78.61%
Other Credits to Income	<u>1,897,636</u>	<u>2.20%</u>	<u>1,802,338</u>	<u>2.21%</u>
Total Income	<u>86,309,972</u>	<u>100.00%</u>	<u>81,686,282</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Municipal Purposes	41,128,134	50.59%	40,914,575	51.06%
County Taxes	7,092,854	8.72%	7,074,497	8.83%
Local School Taxes	32,668,674	40.18%	31,165,367	38.89%
Other Expenditures	<u>406,771</u>	<u>0.50%</u>	<u>980,756</u>	<u>1.22%</u>
Total Expenditures	<u>81,296,433</u>	<u>100.00%</u>	<u>80,135,195</u>	<u>100.00%</u>
Less: Expenditures Included Above which by Statute are Required to be Raised in Subsequent Year's Budgets	<u>-</u>		<u>1,500,000</u>	
Total Adjusted Expenditures	<u>81,296,433</u>		<u>78,635,195</u>	
Statutory Excess to Fund Balance	5,013,539		3,051,087	
Fund Balance, January 1	<u>7,070,505</u>		<u>7,983,418</u>	
	12,084,044		11,034,505	
Less Utilization as Anticipated Revenue	<u>3,964,000</u>		<u>3,964,000</u>	
Fund Balance, December 31	<u>\$ 8,120,044</u>		<u>\$ 7,070,505</u>	

**CITY OF GARFIELD
SUPPLEMENTARY DATA**

**COMPARATIVE STATEMENT OF OPERATIONS AND CHANGE IN FUND BALANCE -
WATER UTILITY OPERATING FUND**

	<u>Year 2022</u>		<u>Year 2021</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
REVENUE AND OTHER INCOME REALIZED				
Fund Balance Utilized	\$ 1,338,000	38.25%	\$ 200,000	4.89%
Collection of Water Rents	1,981,177	56.64%	3,237,001	79.13%
Miscellaneous - From Other Than Water Rents	<u>178,460</u>	<u>5.10%</u>	<u>653,767</u>	<u>15.98%</u>
Total Income	<u>3,497,637</u>	<u>100.00%</u>	<u>4,090,768</u>	<u>100.00%</u>
EXPENDITURES				
Budget Expenditures				
Operating	2,172,860	51.43%	2,092,297	59.45%
Debt Service	1,903,096	45.04%	900,158	25.58%
Deferred Charges and Statutory Expenditures	149,000	3.53%	27,203	0.77%
Surplus (General Budget)	<u>-</u>	<u>0.00%</u>	<u>500,000</u>	<u>14.21%</u>
Total Expenditures	<u>4,224,956</u>	<u>100.00%</u>	<u>3,519,658</u>	<u>100.00%</u>
Excess (Deficit) in Revenue	(727,319)		571,110	
Expenditures Above Which by Statute are Required to be Raised in Subsequent Budget	<u>727,319</u>		<u>125,000</u>	
Statutory Excess to Fund Balance	-		696,110	
Fund Balance, January 1	<u>3,823,632</u>		<u>3,327,522</u>	
	3,823,632		4,023,632	
Less Utilization as Anticipated Revenue	<u>1,338,000</u>		<u>200,000</u>	
Fund Balance, December 31	<u>\$ 2,485,632</u>		<u>\$ 3,823,632</u>	

**CITY OF GARFIELD
SUPPLEMENTARY DATA**

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Tax Rate</u>	<u>\$3.119</u>	<u>\$3.028</u>	<u>\$2.962</u>
<u>Apportionment of Tax Rate</u>			
Municipal	1.233	1.206	1.184
Library	.045	.043	.041
County	.315	.316	.300
County Open Space	.013	.013	.012
Local School	1.513	1.450	1.425

Assessed Valuation

2022	<u>\$2,160,174,500</u>	
2021	<u>\$2,149,357,200</u>	
2020		<u>\$2,139,503,400</u>

Comparison of Levies and Collection Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2022	\$ 67,533,841	\$ 66,436,384	98.37%
2021	65,273,422	64,213,669	98.37%
2020	63,563,189	62,465,467	98.27%

**CITY OF GARFIELD
SUPPLEMENTARY DATA**

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</u>	<u>Percentage of Tax Levy</u>
2022	\$ 663,666	\$ 1,029,195	1,692,861	2.51%
2021	598,323	1,114,246	1,712,569	2.62%
2020	534,886	1,029,684	1,564,570	2.40%

Property Acquired by Tax Title Lien Liquidation

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

<u>Year</u>	<u>Amount</u>
2022	\$436,870
2021	436,870
2020	436,870

Comparison of Water Utility Levies

<u>Year</u>	<u>Levy</u>	<u>Cash Collections*</u>	<u>Percentage of Collection</u>
2022	\$2,558,303	\$1,981,177	77.44%
2021	3,242,616	3,237,001	99.82%
2020	3,214,771	3,220,588	100.18%

* Includes delinquent collections

**CITY OF GARFIELD
SUPPLEMENTARY DATA**

Comparative Schedule of Fund Balances

	<u>Year</u>	<u>Balance, December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>
<u>Current Fund</u>	2022	\$8,120,044	\$4,949,006
	2021	7,070,505	3,964,000
	2020	7,983,418	3,964,000
	2019	8,988,441	3,964,000
	2018	8,833,624	3,590,000
 <u>Water Utility Operating Fund</u>	2022	\$2,485,632	\$1,758,313
	2021	3,823,632	1,338,000
	2020	3,327,522	200,000
	2019	3,231,263	475,000
	2018	3,763,475	752,000

**CITY OF GARFIELD
SUPPLEMENTARY DATA**

OFFICIALS IN OFFICE AND SURETY BONDS

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Richard Rigoglioso	Mayor	
Romi Herrera	Councilman	
Pawel Maslag	Councilman	
Joseph Delaney	Councilman	
Alejandina Banch	Councilwoman	
Erin Delaney	City Manager	
	City Clerk	
Dan Lagana, Esq.	City Attorney	
Anders Hassler	Chief Financial Officer	
Giuseppe C. Randazzo	Magistrate	\$1,000,000
Krystyna Moskal	Municipal Court Administrator	
Colliers Engineering	City Engineer	
Barbara Smilowsky	Tax and Water Collector and Treasurer	1,000,000
James Tighe	Tax Assessor	
Richard Uram	Chief of Police	
Jimmy Kovacs	Acting Construction Code Official	
E.J. Morano	Fire Chief	
Halina Dombrowski	Health Inspector	
Willard Bierwas	Water and Sewer Facility Manager	
Sam Garofalo	Superintendent of Public Works/Recycling Coordinator	
Jason Tani	Emergency Management Coordinator	
Dan Golabek	Recreation Director	

(A) All municipal court employees, including magistrate and administrator are covered by blanket bond.

All bonds were examined and were properly executed.

CITY OF GARFIELD SUPPLEMENTARY DATA

GENERAL COMMENTS

Current Year Findings

Our audit indicated that certain Tax Title Liens date back several years and still remain unpaid. It is recommended that Tax Title Liens be reviewed and cleared of record.

Our audit indicated that Water Rents were not being timely billed with PVWC. It is recommended that internal controls be enhanced to monitor timely billing and collection of water rents.

Our audit of contracts indicated that State Contracts, for the purchase of vehicles exceeding the bid threshold, were awarded during the year without being Council approved. It is recommended that state contracts, in excess of the bid threshold, be approved in the minutes.

Our audit of payroll indicated that certain employees contributing toward health benefits were not in compliance with Chapter 78. It is recommended that employee contributions for health benefits be reviewed to ensure compliance with Chapter 78.

Our audit of payroll revealed that certain employees pension withholdings did not agree to the amounts remitted to the Division of Pensions. It is recommended that employee pension withholdings agree with amount remitted to the Division of Pension.

Our audit indicated that there are numerous delinquent sewer accounts greater than 90 days in arrears. It is recommended that delinquent sewer accounts be included in the City Tax Sale.

Our audit indicated that certain receipts received by the City were not identified or posted to the general ledger. It is recommended that the general ledger be reviewed monthly to ensure all receipts are properly recorded.

Our audit revealed that several payroll checks were voided. It is recommended that voided checks in the net payroll account be transferred to the current account.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or 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 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 \$17,500, except by contract or agreement."

If the purchasing agent is qualified pursuant to subsection b of section 9 of P.L. 1971, c.198 (c.40A:11-9), the City may establish that the bid threshold may be up to \$44,000. Such authorization may be granted for each contract or by a general delegation of the power to negotiate and award such contracts pursuant to this section. The Governing Body has designated the City Clerk as the qualified purchasing agent for the City.

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

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

2022 Road Program
Water Meter Replacement
Semel Ave. Improvements
Locker Rooms at Police Station

Senior Center Improvements
Well Field Improvements
Hobart Park Playground
River Drive Improvements

The minutes indicate that resolutions were adopted, authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S. 40A:11-5.

**CITY OF GARFIELD
SUPPLEMENTARY DATA**

GENERAL COMMENTS (Continued)

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

Our examination of expenditures did not reveal any instances where individual payments exceeded \$44,000 “for the performance of any work, or the furnishing or hiring of any materials or supplies”, where bids had not been previously sought by public advertisement or where a resolution had not been previously adopted under the provisions of NJS 40A:11-6.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed to determine whether any clear-cut violations existed.

Collection of Interest of Delinquent Taxes and Assessments

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

The Governing Body adopted the following resolution authorizing interest to be charged on delinquent taxes:

RESOLVED by the City Council of the City of Garfield that the Tax Collector is authorized to carry out the following directives:

1. Charge 8% interest per annum on the first \$1,500 of delinquency and 18% per annum on any amount in excess of \$1,500.
2. Charge 18% interest on tax title liens as per R.S. 54:4-67.
3. Allow a grace period of ten days before charging interest, as provided by R.S. 54:4-67, except that if the office of the Tax Collector is closed on the tenth day following the due date for a tax payment, then the grace period shall be extended to include the first business day thereafter.
4. Allow no discount for pre-payment of taxes.
5. Charge an additional end of year penalty of 6% as provided by R.S. 54:4-67 on all delinquencies of unpaid taxes, interest, and other municipal charges, when the total exceeds \$10,000.

It appears from an examination of the collector's records that interest on taxes was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

A tax sale was held on October 6, 2022 and was complete.

Inspection of tax sale certification on file revealed that all tax sale certifications were available for audit.

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>
2022	9
2021	9
2020	15

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.

CITY OF GARFIELD

RECOMMENDATIONS

It is recommended that:

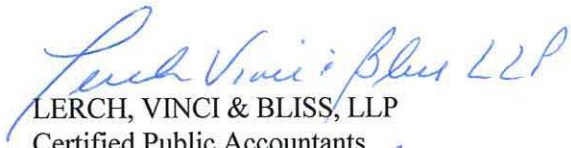
1. Tax Title Liens be reviewed and cleared of record.
2. Internal controls be enhanced to monitor timely billing and collection of water rents.
3. State contracts, in excess of the bid threshold, be approved in the minutes.
4. Employee contributions for health benefits be reviewed to ensure compliance with Chapter 78.
5. Employee pension withholdings agree with amount remitted to the Division of Pensions.
6. Delinquent sewer accounts be included in the City Tax Sale.
7. The general ledger be reviewed monthly to ensure all receipts are properly recorded.
8. Voided checks in the net payroll account be transferred to the current account.

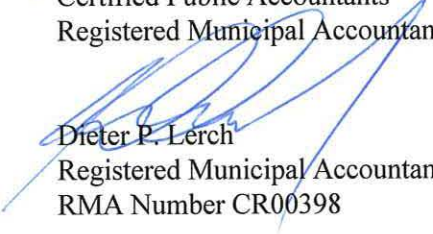
Status of Prior Year's Audit Findings/Recommendations

A review was performed on all prior year's recommendations. Corrective action was taken on prior year recommendations.

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

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


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


Dieter P. Lerch
Registered Municipal Accountant
RMA Number CR00398