

THE CITY OF

SOUTH



AMBOY

NEW JERSEY

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY**

**REPORT OF AUDIT
YEARS ENDED DECEMBER 31, 2024 AND 2023**

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MIDDLESEX COUNTY, NEW JERSEY**

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MIDDLESEX COUNTY, NEW JERSEY**

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CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023



Independent Auditors' Report

**The Honorable Mayor and Members
of the City Council
City of South Amboy
South Amboy, New Jersey**

Report on the Audit of the Regulatory Basis Financial Statements

Opinion on Regulatory Basis Financial Statements

We have audited the regulatory basis financial statements of the various funds and the governmental fixed assets of the City of South Amboy, New Jersey ("City"), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and changes in fund balance for the years then ended, the statement of changes in fund balance, the statement of revenues and statement of expenditures for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying regulatory basis financial statements present fairly, in all material respects, the regulatory basis balance sheets of the City as of December 31, 2024 and 2023 and the regulatory basis revenues, expenditures, and changes in fund balance for the years then ended, the statement of changes in fund balance, the statement of revenues and statement of expenditures for the year ended December 31, 2024 and the related notes to the financial statements, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division") 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 do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2024 and 2023, or its revenues, expenditures and changes in fund balance thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"), requirements prescribed by the Division, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards and

**The Honorable Mayor and Members
of the City Council
City of South Amboy
South Amboy, New Jersey**

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requirements are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Division. 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 misstatement, whether due to fraud or error.

In preparing the financial statements management is required to evaluate whether there are conditions of events considered in the aggregate, that raise substantial doubt about the City'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.

Auditors' Responsibilities for the Audit of the 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, requirements prescribed by the Division, and *Government Auditing Standards* 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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.

Report on Supplementary Information Required by the Division in Accordance with the Regulatory Basis of Accounting

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The information included in Part II – Supplementary Information Required by the Division and Part IV – Roster of Officials and General Comments, as listed in the table of contents, is presented for purposes of additional analysis as required by the Division and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**The Honorable Mayor and Members
of the City Council
City of South Amboy
South Amboy, New Jersey**

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Report on Supplementary Information as Required by the Uniform Guidance and NJ OMB Circular 15-08

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance as required by the 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 NJ OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and related notes to the schedules of federal awards and state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards, state financial assistance, and related notes are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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 schedules of expenditures of federal awards, state financial assistance, and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2025 on our consideration of the City'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'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's internal control over financial reporting and compliance.

Woodcliff Lake, New Jersey
June 6, 2025

Gary W. Higgins, CPA
Registered Municipal Accountant, No. 405

CITY OF SOUTH AMBOY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT AND GRANT FUND
AS OF DECEMBER 31, 2024 AND 2023

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
ASSETS AND DEFERRED CHARGES			
Current Fund			
Cash	A-4	\$ 8,731,651	\$ 7,976,172
Change Fund	A-5	<u>450</u>	<u>450</u>
		<u>8,732,101</u>	<u>7,976,622</u>
Receivables and Other Assets With Full Reserves			
Delinquent Property Taxes		-	3,816
Tax Title Liens	A-25	2,888	
Revenue Accounts Receivable	A-11	8,056	4,904
Property Acquired for Taxes	A-10	849,600	862,100
Due from Animal Control Trust Fund	B-4	1,623	3,186
Due from Other Trust Fund	B-7	36	9
Due from General Capital Fund	C-4	20,542	1,373
Due from South Amboy Redevelopment Agency	A	139	
Due from Grant Fund	A-23	<u>273,006</u>	<u>270,777</u>
		<u>1,155,890</u>	<u>1,146,165</u>
Deferred Charges			
Emergency Authorizations	A-30	<u>39,558</u>	<u>-</u>
Total Current Fund		<u>9,927,549</u>	<u>9,122,787</u>
Grant Fund			
Grants Receivable	A-7	<u>4,310,070</u>	<u>3,449,501</u>
Total Grant Fund		<u>4,310,070</u>	<u>3,449,501</u>
Total Assets		<u>\$ 14,237,619</u>	<u>\$ 12,572,288</u>

CITY OF SOUTH AMBOY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - CURRENT AND GRANT FUND
AS OF DECEMBER 31, 2024 AND 2023

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
LIABILITIES, RESERVES AND FUND BALANCE			
Current Fund			
Appropriation Reserves	A-3, A-13	\$ 1,087,838	\$ 1,203,508
Encumbrances Payable	A-3, A-14	430,521	496,812
Prepaid Taxes	A-21	213,721	172,247
Prepaid PILOTS	A-29	6,297	-
Due to County- Pilot Payments		-	1,503
Tax Overpayments	A-27	1,723	15,423
Accounts Payable	A-22	408,598	366,474
Due to State of New Jersey - Senior Citizens' and Veterans' Deductions	A-8	6,259	5,427
Sewer Overpayments	A-18	6,226	7,208
Due to Library	A-12	940	940
Due to South Amboy Business Association	A-26	3,000	3,000
County of Middlesex Taxes Payable	A-16	33,486	23,917
Reserve for Tax Appeals	A-24	200,000	200,000
Miscellaneous Reserves	A-15	405	446,042
		<u>2,399,014</u>	<u>2,942,501</u>
Reserve for Receivables and Other Assets	A	1,155,890	1,146,165
Fund Balance	A-1	<u>6,372,645</u>	<u>5,034,121</u>
Total Current Fund		<u>9,927,549</u>	<u>9,122,787</u>
Grant Fund			
Grants Appropriated	A-19	3,096,065	3,041,009
Grants Unappropriated	A-20	2,447	2,228
Due to Current Fund	A-23	273,006	270,777
Encumbrances Payable	A-14	<u>938,552</u>	<u>135,487</u>
Total Grant Fund		<u>4,310,070</u>	<u>3,449,501</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 14,237,619</u>	<u>\$ 12,572,288</u>

CITY OF SOUTH AMBOY
COMPARATIVE STATEMENTS OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS - CURRENT FUND
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
REVENUES AND OTHER INCOME			
Fund Balance Utilized	A-2	\$ 1,230,000	\$ 1,130,000
Receipts from Current Taxes	A-2	28,989,397	27,786,776
Miscellaneous Revenue Anticipated	A-2	11,798,852	9,344,581
Receipts from Delinquent Taxes	A-2	3,500	2,536
Non-Budget Revenues	A-2	156,077	136,983
Other Credits to Income:			
Unexpended Balances of Appropriation Reserves	A-13	901,331	432,288
Receipt from Sale of Foreclosed Property	A-10	3,300	
Interfunds Liquidated	A	275,345	1,566,888
Statutory Excess - Animal Control Trust Fund	B-4	1,383	1,127
Cancellation of Accounts Payable		<u>-</u>	<u>198,438</u>
 Total Revenues and Other Income		 <u>43,359,185</u>	 <u>40,599,617</u>
EXPENDITURES			
Budget Appropriations:			
Operations			
Salaries and Wages	A-3	8,551,584	8,223,424
Other Expenses	A-3	10,252,738	8,279,321
Capital Improvements	A-3	630,000	210,000
Municipal Debt Service	A-3	2,281,589	2,337,672
Deferred Charges and Regulatory Expenditures	A-3	2,157,978	2,040,310
County Taxes	A-16	4,306,405	3,982,353
County Open Space Taxes	A-16	391,139	351,706
Due County for Added Taxes	A-16	33,486	23,917
Local District School Taxes	A-17	11,914,241	11,412,586
Refund of Prior Year Revenue	A-4	15,032	7,339
Prior Year Senior Citizens and Veterans Disallowed	A-6	682	
Interfunds Advanced	A	<u>295,345</u>	<u>275,345</u>
 Total Expenditures	A	 <u>40,830,219</u>	 <u>37,143,973</u>
 Excess in Revenues		 2,528,966	 3,455,644
 Adjustments to Income before Fund Balance			
Expenditures included above which are by Statute Deferred Charges to Budget of Succeeding Year	A-3	<u>39,558</u>	<u>-</u>
 Statutory Excess To Fund Balance		 2,568,524	 3,455,644
 Fund Balance, Beginning of Year	A	 <u>5,034,121</u>	 <u>2,708,477</u>
		7,602,645	6,164,121
Decreased by:			
Utilization as Anticipated Revenue	A-1, A-2	<u>1,230,000</u>	<u>1,130,000</u>
 Fund Balance, End of Year	A	 <u>\$ 6,372,645</u>	 <u>\$ 5,034,121</u>
See Accompanying Notes to Financial Statements			

CITY OF SOUTH AMBOY
STATEMENT OF REVENUES-REGULATORY BASIS-CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Reference</u>	<u>Budget</u>	<u>Added by N.J.S.A. 40A:4-87</u>	<u>Realized</u>	<u>Excess (Deficit)</u>
Fund Balance Anticipated	A-1	\$ 1,230,000		\$ 1,230,000	-
Miscellaneous Revenues:					
Licenses:					
Alcoholic Beverage	A-11	26,300		26,981	\$ 681
Other	A-2	17,550		15,236	(2,314)
Fees and Permits	A-2	35,650		41,844	6,194
Fines and Costs:					
Municipal Court	A-11	80,300		89,828	9,528
Interest and Costs on Taxes	A-11	27,000		30,093	3,093
Interest on Investments and Deposits	A-2	89,350		387,940	298,590
Sewer User Fees	A-11	1,580,592		1,558,267	(22,325)
Housing Inspection Program	A-11	116,300		158,920	42,620
Energy Receipts Tax (P.L. 1997, Chapters 162 and 167)	A-11	3,918,453		3,918,453	
Uniform Construction Code Fees	A-11	500,000		310,447	(189,553)
Recycling Enhancement County Grant	A-7		\$ 10,000	10,000	
Clean Communities Grant	A-7		21,636	21,636	
Recycling Tonnage Grant	A-7		15,547	15,547	
Body Armor Replacement Fund	A-20	2,228		2,228	
Municipal Alliance Against Alcoholism and Drug Abuse	A-7	6,288		6,288	
New Jersey Transportation Trust Fund- Broadway Phase 1 Roadway & Pedestrian Improvement	A-7		619,460	619,460	
Storm Water Assistance Grant	A-7	15,000		15,000	
Firefighters Grant	A-7		75,000	75,000	
Fire Capital Grant - Truck	A-7	1,000,000		1,000,000	
Emergency Management Agency Assistance (EMAA) Grant	A-7	10,000		10,000	
C.A.T.V. Franchise Fees	A-11	55,633		55,633	
M.C.U.A. - Refund	A-11	52,577		52,577	
Payment in Lieu of Taxes - Woodmont	A-11	465,000		639,589	174,589
Payment in Lieu of Taxes - Robert Noble Manor	A-11	7,800		7,881	81
Payment in Lieu of Taxes - South Amboy Housing Authority	A-11	44,800		51,353	6,553
Payment in Lieu of Taxes - Hillcrest Manor	A-11	40,804		40,804	
Payment in Lieu of Taxes - Shoregate	A-2	145,000		147,286	2,286
Payment in Lieu of Taxes - Station Bay	A-11	503,500		1,340,661	837,161
Police Off Duty - Administration Charges	A-11	72,500		72,500	
South Amboy Redevelopment Authority Contribution	A-11	200,000		200,000	
South Amboy Redevelopment Authority Contribution (Pass Through Developer)	A-11	400,000		400,000	
Reserve for Debt Service	C-14	73,500		73,500	
Municipal Relief Fund	A-15	403,900	-	403,900	-
Total Miscellaneous Revenues	A-1	<u>9,890,025</u>	<u>741,643</u>	<u>11,798,852</u>	<u>1,167,184</u>
Receipts from Delinquent Taxes	A-1, A-2	-	-	3,500	3,500
Amount to be Raised by Taxes for Support of Municipal Budget					
Local Tax for Municipal Purposes Including Reserve for					
Uncollected Taxes		11,764,176		12,135,021	370,845
Minimum Library Tax		432,606	-	432,606	-
	A-2	<u>12,196,782</u>	-	<u>12,567,627</u>	<u>370,845</u>
	A-3	<u>\$ 23,316,807</u>	<u>\$ 741,643</u>	25,599,979	<u>\$ 1,541,529</u>
Non-Budget Revenues	A-1, A-2			156,077	
				<u>\$ 25,756,056</u>	

CITY OF SOUTH AMBOY
STATEMENT OF REVENUES-REGULATORY BASIS-CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

	<u>Reference</u>	
ANALYSIS OF REALIZED REVENUES		
Allocation of Current Tax Collections		
Revenues from Collections	A-1, A-9	\$ 28,989,397
Less:		
Allocated School and County Taxes	A-16,A-17	<u>16,645,270</u>
Balance for Support of Municipal Budget Appropriations		12,344,127
Add Appropriation "Reserve for Uncollected Taxes"	A-3	<u>223,500</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$ 12,567,627</u>
Delinquent Taxes		
Delinquent Tax Collections	A-2	<u>\$ 3,500</u>
Payment in Lieu of Taxes - Shoregate		
Prepaid applied	A-21	\$ 4,214
2024 cash receipts	A-11	<u>143,072</u>
	A-2	<u>\$ 147,286</u>
Other Licenses		
Bingo Licenses		\$ 520
Cat Licenses		206
Food Licenses		5,460
Mercantile Licenses		7,850
Outdoor Café Licenses		150
Video Licenses		<u>1,050</u>
	A-2, A-11	<u>\$ 15,236</u>
Fees and Permits - Other		
Photo Copies		\$ 1,691
Photo Copies - Police Records		67
Planning & Zoning Fee		13,495
Road Opening Permit		39
Sidewalk and Curbs Fee		3,467
Marriage Local Fee		219
Copy of Birth Certificate Fee		3,691
Copy of Death Certificate Fee		14,402
Copy of Marriage License Fee		2,750
Tax Collector Fees		<u>2,024</u>
	A-2, A-11	<u>\$ 41,844</u>
Interest on Investments and Deposits		
Due from Other Trust Fund	B-7	\$ 14,809
Due from General Capital Fund	C-4	177,048
Cash Receipts	A-11	<u>196,083</u>
	A-2	<u>\$ 387,940</u>

CITY OF SOUTH AMBOY
STATEMENT OF REVENUES-REGULATORY BASIS-CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024
(Continued)

	<u>Reference</u>	
Non-Budget Revenues		
J.I.F. Safety Award	\$	6,000
2% Administration Fee - Senior Citizen and Veterans		796
Refund of Prior Year Expenses		9,250
Sewer Connection Fees		5,365
Marriage Fees		2,900
Parking Fees		1,440
Abandoned Property Fee		8,250
PILOT Annual Surcharge		39,832
Insurance Refunds		2,473
Other		<u>79,771</u>
	A-2,A-4	<u>\$ 156,077</u>

CITY OF SOUTH AMBOY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS"					
GENERAL GOVERNMENT					
General Administration					
Salaries and Wages	\$ 416,000	\$ 416,000	\$ 391,573	\$ 24,427	
Other Expenses	135,000	137,000	135,201	1,799	
Mayor and Council					
Salaries and Wages	54,900	54,900	54,895	5	
Other Expenses	11,100	13,100	12,313	787	
Municipal Clerk					
Salaries and Wages	166,790	170,790	170,790	-	
Other Expenses	16,000	16,000	15,650	350	
Codification	12,000	8,000	2,195	5,805	
Financial Administration					
Salaries and Wages	223,000	223,000	220,970	2,030	
Other Expenses	44,000	48,000	44,311	3,689	
Audit Services					
Other Expenses	61,500	61,500	57,125	4,375	
Revenue Administration					
Salaries and Wages	178,000	174,000	173,354	646	
Other Expenses	19,000	19,000	18,390	610	
Tax Assessment Administration					
Salaries and Wages	47,600	47,600	47,585	15	
Other Expenses	6,000	6,000	5,344	656	
Legal Services					
Other Expenses	190,000	190,000	127,067	62,933	
Department of Engineering					
Other Expenses	325,000	325,000	321,252	3,748	
LAND USE ADMINISTRATION					
Planning Board					
Salaries and Wages	6,200	6,200	6,000	200	
Other Expenses	58,800	58,800	16,193	42,607	
PUBLIC SAFETY					
Police Department					
Salaries and Wages	5,011,000	4,971,000	4,806,936	164,064	
Other Expenses	165,000	205,000	202,728	2,272	
Office of Emergency Management					
Salaries and Wages	20,100	17,100	15,434	1,666	
Other Expenses	11,000	14,000	992	13,008	
Aid to Volunteer Fire Companies					
Other Expenses	100,000	100,000	100,000	-	
Aid to Volunteer Ambulance Squad					
Other Expenses	20,000	20,000	20,000	-	
Department of EMS					
Other Expenses	38,000	38,000	30,710	7,290	
Department of Fire					
Other Expenses	63,000	63,000	59,627	3,373	
Municipal Prosecutor Office					
Salaries and Wages	19,115	19,115	19,111	4	

CITY OF SOUTH AMBOY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended Balance Cancelled</u>
	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
PUBLIC WORKS					
Streets and Roads Maintenance					
Salaries and Wages	\$ 819,000	\$ 760,000	\$ 691,785	\$ 68,215	
Other Expenses	82,000	86,000	85,552	448	
Sewers					
Salaries and Wages	171,000	151,000	135,653	15,347	
Other Expenses	155,000	135,000	88,308	46,692	
Other Public Works Functions					
Shade Tree					
Other Expenses	10,000	10,000	4,049	5,951	
Solid Waste Collection					
Salaries and Wages	310,000	390,000	377,405	12,595	
Other Expenses	613,000	613,000	527,886	85,114	
Recycling Program					
Salaries and Wages	2,700	2,700	2,600	100	
Other Expenses	800	800	22	778	
Buildings and Grounds					
Salaries and Wages	120,000	90,000	69,276	20,724	
Other Expenses	185,000	195,000	186,540	8,460	
Vehicle Maintenance					
Salaries and Wages	179,000	174,000	162,302	11,698	
Other Expenses	118,000	123,000	122,977	23	
HEALTH AND HUMAN SERVICES					
Board of Health					
Salaries and Wages	4,884	4,884	4,766	118	
Other Expenses	80,000	80,000	80,000	-	
Registrar of Vital Statistics					
Salaries and Wages	12,295	12,295	11,535	760	
Other Expenses	1,700	1,700	1,614	86	
Animal Control Services					
Other Expenses	20,000	20,000	13,395	6,605	
Municipal Court					
Salaries and Wages	144,000	144,000	134,589	9,411	
Other Expenses	14,000	14,000	7,837	6,163	
Public Defender					
Other Expenses	8,000	8,000	7,999	1	
PARK AND RECREATION FUNCTIONS					
Department of Recreation					
Senior Citizen Activities					
Salaries and Wages	140,000	137,000	122,672	14,328	
Other Expenses	16,000	19,000	18,252	748	
Recreation Services and Programs					
Salaries and Wages	101,000	91,000	68,215	22,785	
Other Expenses	45,000	48,000	44,648	3,352	
OTHER COMMON OPERATING FUNCTIONS (Unclassified)					
Historical Society of South Amboy					
Other Expenses	7,500	7,500	1,245	6,255	
South Amboy Arts District					
Other Expenses	7,500	7,500	5,559	1,941	

**CITY OF SOUTH AMBOY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance <u>Cancelled</u>
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
OPERATIONS - WITHIN "CAPS" (Continued)					
General Liability	\$ 377,775	\$ 377,775	\$ 370,866	\$ 6,909	
Disability Insurance	9,000	9,000	3,420	5,580	
Workers Compensation	383,985	383,985	383,698	287	
Employee Group Health	2,451,617	2,451,617	2,331,303	120,314	
Health Benefit Waiver	40,000	40,000	38,768	1,232	
UNIFORM CONSTRUCTION CODE					
APPROPRIATIONS OFFSET BY					
DEDICATED REVENUES					
(N.J.A.C. 5:23-4-17)					
State Uniform Construction Code					
Construction Official					
Salaries and Wages	465,000	465,000	435,919	29,081	
Other Expenses	10,000	10,000	6,811	3,189	
UNCLASSIFIED					
Celebration of Public Events					
Other Expenses	50,000	50,000	38,531	11,469	
Electricity	231,000	231,000	211,514	19,486	
Telecommunications	215,000	215,000	200,407	14,593	
Water	267,000	297,000	277,214	19,786	
Natural Gas	19,000	22,000	19,739	2,261	
Internet	70,000	75,000	65,566	9,434	
Petroleum Products	185,000	185,000	150,000	35,000	
Salary and Wage Adjustments	30,000	30,000	-	30,000	
Contingent	4,000	4,000	-	4,000	
Total Operations Within "CAPS"	<u>15,593,861</u>	<u>15,593,861</u>	<u>14,586,183</u>	<u>1,007,678</u>	
Detail:					
Salaries and Wages	8,641,584	8,551,584	8,123,365	428,219	
Other Expenses	6,952,277	7,042,277	6,462,818	579,459	
DEFERRED CHARGES AND STATUTORY EXPENDITURES -					
MUNICIPAL WITHIN "CAPS"					
Statutory Expenditures					
Public Employees' Retirement System	472,348	472,348	472,348	-	
Social Security System (O.A.S.I.)	355,000	355,000	346,539	8,461	
Police and Fireman's Retirement System of NJ	1,311,130	1,311,130	1,311,130	-	
Unemployment Compensation Insurance	10,000	10,000	10,000	-	
Defined Contribution Retirement Program	9,500	9,500	8,943	557	
Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS"	<u>2,157,978</u>	<u>2,157,978</u>	<u>2,148,960</u>	<u>9,018</u>	
Total General Appropriations for Municipal Purposes Within "CAPS"	<u>17,751,839</u>	<u>17,751,839</u>	<u>16,735,143</u>	<u>1,016,696</u>	

CITY OF SOUTH AMBOY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Appropriated</u>		<u>Expended</u>		<u>Unexpended</u>
	<u>Budget</u>	<u>Budget After</u>	<u>Paid or</u>	<u>Reserved</u>	<u>Balance</u>
		<u>Modification</u>	<u>Charged</u>		<u>Cancelled</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
Sewerage Processing & Disposal					
Other Expenses	\$ 779,000	\$ 779,000	\$ 778,933	\$ 67	
Municipal Library					
Other Expenses	432,607	432,607	432,607		
Employee Group Insurance	79,883	79,883	79,883		
Workers Compensation	41,015	41,015	41,015		
Liability Insurance	22,225	22,225	22,225		
Length of Service Awards Program	60,000	60,000		60,000	
Recycling Tax	16,000	16,000	12,429	3,571	
Total Other Operations Excluded from "CAPS"	1,430,730	1,430,730	1,367,092	63,638	
Public and Private Programs Offset by Revenues					
Matching Funds for Grants	3,000	3,000	-	3,000	
Municipal Alliance Against Alcoholism & Drug Abuse	6,288	6,288	6,288		-
Municipal Alliance Against Alcoholism & Drug Abuse- Local Match	1,572	1,572	1,572		-
Clean Communities	-	21,636	21,636		-
Recycling Tonage Grant		15,547	15,547		-
Body Armor Replacement Fund	2,228	2,228	2,228		-
Homeland Security- Emergency Perf. Grant (NJOEM)	10,000	10,000	10,000		-
Stormwater Assistance Grant	15,000	15,000	15,000		-
Fire Capital Truck Grant	1,000,000	1,000,000	1,000,000		-
Recycling Enhancement Middlesex Ct Grant		10,000	10,000		-
NJDOT Municipal Aid		619,460	619,460		-
American Rescue Plan Grant	-	75,000	75,000	-	
Total Public and Private Programs Offset by Revenues	1,038,088	1,779,731	1,776,731	3,000	
Total Operations - Excluded from "CAPS"	2,468,818	3,210,461	3,143,823	66,638	
Detail:					
Other Expenses	2,468,818	3,210,461	3,143,823	66,638	
CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAPS"					
Police Department Equip. - SUV's (Ford Interceptors)	130,000	130,000	125,496	4,504	
Acquisition of Real Property	500,000	500,000	500,000	-	
Total Capital Improvements Excluded from "CAPS"	630,000	630,000	625,496	4,504	

**CITY OF SOUTH AMBOY
STATEMENT OF EXPENDITURES - REGULATORY BASIS - CURRENT FUND
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Appropriated</u>		<u>Expended</u>		Unexpended Balance Cancelled
	<u>Budget</u>	Budget After <u>Modification</u>	Paid or <u>Charged</u>	<u>Reserved</u>	
MUNICIPAL DEBT SERVICE - EXCLUDED					
FROM "CAPS"					
Payment of Bond Principal	\$ 1,295,000	\$ 1,295,000	\$ 1,295,000		
Payment of Bond Anticipation Notes and Capital Notes	100	50			\$ 50
Interest on Bonds	361,500	361,550	361,550		
Interest on Notes	272,550	312,108	312,108		-
Capital Loan Obligations Approved After 7/1/2007					
Principal	243,000	243,000	242,630		370
Interest	<u>70,500</u>	<u>70,500</u>	<u>70,301</u>	-	<u>199</u>
 Total Municipal Debt Service - Excluded from "CAPS"	 <u>2,242,650</u>	 <u>2,282,208</u>	 <u>2,281,589</u>	 -	 <u>619</u>
 Total General Appropriations - Excluded from "CAPS"	 <u>5,341,468</u>	 <u>6,122,669</u>	 <u>6,050,908</u>	 <u>\$ 71,142</u>	 <u>619</u>
 Subtotal General Appropriations	 23,093,307	 23,874,508	 22,786,051	 1,087,838	 619
 Reserve for Uncollected Taxes	 <u>223,500</u>	 <u>223,500</u>	 <u>223,500</u>	 -	 -
 Total General Appropriations	 <u>\$ 23,316,807</u>	 <u>\$ 24,098,008</u>	 <u>\$ 23,009,551</u>	 <u>\$ 1,087,838</u>	 <u>\$ 619</u>
	<u>Reference</u>	A-2		A	

	<u>Reference</u>	
Original Budget	A-2	\$ 23,316,807
Appropriations Added by N.J.S.A. 40A:4-87 (Chap. 159)	A-2	741,643
Emergency Appropriations	A -29	<u>39,558</u>
		<u>\$ 24,098,008</u>

Cash Disbursements	A-4	\$ 22,073,158
Due to General Capital Fund		
Payments made by General Capital Fund on Behalf of Current Fund	C-4	272,550
Encumbrances Payable	A-14	430,521
Reserve for Uncollected Taxes	A-2	223,500
Appropriated Grants	A-19	<u>9,822</u>
		<u>\$ 23,009,551</u>

CITY OF SOUTH AMBOY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2024 AND 2023

ASSETS	<u>Reference</u>	<u>2024</u>	<u>2023</u>
ANIMAL CONTROL TRUST FUND			
Cash	B-1	\$ <u>5,380</u>	\$ <u>6,617</u>
OTHER TRUST FUND			
Cash	B-1	2,612,989	2,449,395
Accounts Receivable - Outside Police Duty	B-6	<u>990</u>	<u>14,465</u>
		<u>2,613,979</u>	<u>2,463,860</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Cash	B-1	<u>149,461</u>	<u>173,757</u>
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) TRUST FUND			
Community Development Block Grants Receivable	B-13	<u>109,676</u>	<u>118,334</u>
Total Assets		<u>\$ 2,878,496</u>	<u>\$ 2,762,568</u>

CITY OF SOUTH AMBOY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - TRUST FUNDS
AS OF DECEMBER 31, 2024 AND 2023

	<u>Reference</u>	<u>2024</u>	<u>2023</u>
LIABILITIES AND RESERVES			
ANIMAL CONTROL TRUST FUND			
Prepaid Revenue	B-2	\$ 310	\$ 215
Due to Current Fund	B-4	1,623	3,186
Reserve for Animal Control Expenditures	B-5	<u>3,447</u>	<u>3,216</u>
		<u>5,380</u>	<u>6,617</u>
OTHER TRUST FUND			
Due to Current Fund	B-7	36	9
Reserve for :			
Third Party Lienholders	B-8	20,635	423
Escrow Deposits	B-9	1,169,742	1,186,029
Payroll Deductions Payable	B-10	88,958	80,175
Miscellaneous Reserves	B-11	<u>1,334,608</u>	<u>1,197,224</u>
		<u>2,613,979</u>	<u>2,463,860</u>
UNEMPLOYMENT INSURANCE TRUST FUND			
Reserve for Unemployment Compensation Insurance	B-12	<u>149,461</u>	<u>173,757</u>
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) TRUST FUND			
Reserve for Community Development Programs	B-15	<u>109,676</u>	<u>118,334</u>
Total Liabilities and Reserves		<u>\$ 2,878,496</u>	<u>\$ 2,762,568</u>

CITY OF SOUTH AMBOY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS - GENERAL CAPITAL FUND
AS OF DECEMBER 31, 2024 AND 2023

ASSETS	<u>Reference</u>	<u>2024</u>	<u>2023</u>
Cash	C-2,C-3	\$ 15,794,304	\$ 2,797,471
Grants Receivable	C-7	20,282,538	34,264,955
Deferred Charges to Future Taxation:			
Funded	C-5	17,957,600	11,275,230
Unfunded	C-6	<u>9,699,758</u>	<u>18,293,758</u>
 Total Assets		 <u>\$ 63,734,200</u>	 <u>\$ 66,631,414</u>
 LIABILITIES, RESERVES AND FUND BALANCE			
General Serial Bonds	C-11	\$ 16,885,000	\$ 9,960,000
Bond Anticipation Notes	C-15	5,000,000	5,451,000
Due to Current Fund	C-4	20,542	1,373
Middlesex County Improvement Authority Loans Payable	C-12	1,090,323	1,332,953
Encumbrances Payable	C-10	18,375,918	36,114,194
Capital Improvement Fund	C-8	230,894	230,894
Improvement Authorizations			
Funded	C-9	2,033,820	1,276,220
Unfunded	C-9	4,008,715	6,546,040
Reserve for Grants Receivable	C-13	5,335,921	5,335,921
Reserve for Payment of Debt	C-14	121,740	151,428
Grant Advance	C-16	10,358,766	
Fund Balance	C-1	<u>272,561</u>	<u>231,391</u>
 Total Liabilities, Reserves and Fund Balance		 <u>\$ 63,734,200</u>	 <u>\$ 66,631,414</u>

There were bonds and notes authorized but not issued on December 31, 2024 and 2023 in the amount of \$4,699,758 and \$12,842,758, respectively. (Exhibit C-17).

CITY OF SOUTH AMBOY
STATEMENT OF CHANGES IN FUND BALANCE - REGULATORY BASIS
GENERAL CAPITAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Reference</u>	
Balance, January 1, 2024	C	\$ 231,391
Increased by:		
Improvement Authorizations Cancelled	C-9	<u>41,170</u>
Balance, December 31, 2024	C	<u>\$ 272,561</u>

**CITY OF SOUTH AMBOY
COMPARATIVE BALANCE SHEETS - REGULATORY BASIS -
GOVERNMENTAL FIXED ASSETS
AS OF DECEMBER 31, 2024 AND 2023**

	<u>2023</u>	<u>2023</u>
ASSETS		
Buildings and Land	\$ 9,625,300	\$ 9,625,300
Machinery and Equipment	<u>10,476,671</u>	<u>9,925,303</u>
	<u>\$ 20,101,971</u>	<u>\$ 19,550,603</u>
FUND BALANCE		
Investment in Governmental Fixed Assets	<u>\$ 20,101,971</u>	<u>\$ 19,550,603</u>

NOTES TO FINANCIAL STATEMENTS

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of South Amboy (the "City") was incorporated in 1908 and operates under an elected Mayor and Council form of government. The Mayor is elected directly by the voters. The City Council consists of five members, two of whom are elected in an at-large basis while three are elected from wards. All members of the governing body are elected in partisan elections to serve four-year terms of office in a staggered basis as part of the November general election, with the three ward seats up for election together and the two at-large seats and the Mayor seat up for vote together two years later. The Mayor is the Chief Executive Officer of the City and as such presides over all public meetings and makes appointments to various boards. The City Council exercises all legislative powers including final adoption of the municipal budget and bond ordinances and confirmation of the Mayor's appointments, and all executive authority which is not specifically provided to the Mayor, by state law. A City Administrator is appointed by the City Council and is responsible for the implementation of the policies of the Mayor and Council, for the administration of all City affairs and for the day to day operations of the City. The City Administrator is the Chief Administrative Officer for 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.

The Governmental Accounting Standards Board (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, South Amboy Redevelopment Agency and Port Authority, which are considered component units under accounting principles generally accepted in the United States of America (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 South Amboy 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 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

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

through separate funds, which differ from the fund structure required by GAAP.

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.

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 Trust 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.

Unemployment Insurance Trust Fund - This fund is used to account for employee and employer contributions for the purpose of providing unemployment benefits to former eligible employees.

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

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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.

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City. The City's infrastructure is not reported in the account group.

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

Reclassifications - Certain reclassifications may have been made to the December 31, 2023 balances to conform to the December 31, 2024 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 South Amboy 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. GAAP requires that all investments be presented at fair value.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

Property Tax Revenues/Receivables - Real property taxes are assessed locally, based upon the assessed value of the property. The tax bill includes a levy for Municipal, County, and School purposes. The bills are mailed annually in June for that calendar year's levy. Taxes are payable in four quarterly installments on February 1, May 1, August 1, and November 1. The amounts of the first and second installments are determined as one-quarter of the total tax levied against the property for the preceding year. The installment due the third and fourth quarters is determined by taking the current year levy less the amount previously charged for the first and second installments, with the remainder being divided equally. If unpaid on these dates, the amount due becomes delinquent and subject to interest at 8% per annum, or 18% on any delinquency amount in excess of \$1,500. 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 December 31, 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).

Sewer User Fees – Sewer user charges are levied quarterly based upon water consumption. The sewer user charges are comprised of a flat base fee plus an excess consumption charge, if applicable. Revenues from these sources are recognized on a cash basis in the Current Fund. Receivables 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, reduced by an allowance for doubtful accounts.

CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. **Measurement Focus and Basis of Accounting** (Continued)

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

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 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 liabilities for compensated absences be recorded for leave that has not been used when the leave is attributable to services already rendered and the leave is more likely than not to be used for time off or otherwise paid in cash. Compensated absences liabilities are not recorded on the balance sheet.

CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

General Fixed Assets - In accordance with NJAC 5:30-5.6, Accounting for Governmental Fixed Assets, the City of South Amboy has developed a fixed assets accounting and reporting system. Fixed assets are defined by the City as assets with an initial, individual cost of \$5,000 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, 1998 are stated at cost. Donated fixed assets are recorded at acquisition value at the date of donation.

General Fixed Assets purchased prior to December 31, 1998 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.

Long-term Debt - The City's long-term debt is stated at face value. Additional information pertinent to the City's long-term debt is disclosed in Note 8 to the financial statements.

Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources and Pension Expense - The requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68* require governmental entities to record their distributive shares of net pension liability, deferred outflows of resources, deferred inflows of resources and total pension related expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of the liabilities, deferrals, and expenses, but do require the disclosure of these amounts. The audited financial information related to these pensions is released annually by the State's Division of Pension and Benefits and is required to be included as note disclosures in the financial statements. Pursuant to N.J.A.C. 5:30-6(c)2, municipalities may use the most recent available audited GASB Statement No. 68 financial information published by the New Jersey Department of Treasury, Division of Pension and Benefits. As of the date of the audit, the 2023 Public Employees' Retirement System Report and the 2023 Police and Firemen's Retirement System Report were the most recent reports available and therefore information for that year was disclosed accordingly. Refer to Note 10 to the Financial Statements for these disclosures.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Other Post-Employment Benefits Other Than Pensions – The requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* that is provided by other entities require governmental entities to record in their financial statements a share of the other governments net OPEB liability, deferred outflows of resources, deferred inflows of resources and total OPEB expense. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these liabilities, deferrals, and expenses, but do require the disclosure of these amounts. Since the City does not follow generally accepted accounting principles, the GASB did not result in a change in the City's assets, liabilities and contribution requirements. However, it did result in additional note disclosures as required by the GASB. Pursuant to N.J.A.C. 5:30-6(c)2, municipalities may use the most recent available audited GASB Statement No. 75 financial information published by the New Jersey Department of Treasury, Division of Pension and Benefits. As of the date of the audit, the 2023 Report was the most recent report available and therefore information for that year was disclosed accordingly. Refer to Note 11 to the Financial Statements for these disclosures.

Lease Receivable/Deferred Inflows of Resources -The requirements of GASB Statement No. 87, *Leases* requires the lessor to recognize a lease receivable and deferred inflows of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these receivables and deferred inflow of resources, but do require the disclosure of these amounts. Management has determined the impact of the Statement on the financial statements was not material.

Lease Payable/Lease Asset - The requirements of GASB Statement No. 87, *Leases* requires the lessee to recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is short-term or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Accounting principles applicable to municipalities, which have been prescribed by the Division, do not require the recording of these payables and deferred outflow of resources, but do require the disclosure of these amounts. Management has determined the impact of the Statement on the financial statements was not material.

Length of Service Awards Program (LOSAP) - Financial reporting standards established by the Division exclude the financial information relating to a LOSAP program from the scope of the statutory audit. Accordingly, financial information relating to the City's LOSAP Program, a deferred income program created pursuant to Section 457 of the Internal Revenue Code for the benefit of the volunteers, is not reported as part of the City's basic financial statements. As the LOSAP Plan's assets remain the property of the City until withdrawn by participants, GAAP requires that the Plan's financial information be included in the City's basic financial statements. See Note 16 regarding the availability of LOSAP Plan financial information

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

Recently Issued and Adopted Accounting Principles

During the year ended December 31, 2024, the City adopted no new GASB statements. Accounting standards that the City is currently reviewing for applicability and potential impact on the financial statements include:

The GASB Statement No. 101, "*Compensated Absences*", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information need of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning recognition and measurement under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The City will continue to follow policies and procedures promulgated by New Jersey Administrative Code 5:30-15.

The GASB Statement No. 102, "*Certain Risk Disclosures*", provides guidance on disclosures within government financial statements on risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. Under this statement, a government is required to assess whether an event or events associated with a concentration or constraint that could cause substantial impact have occurred, have begun to occur, or are more likely than not to begin within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

The GASB Statement No. 103, "*Financial Reporting Model Improvements*", has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing the government's accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

The GASB issued Statement No. 104, "*Disclosure of Certain Capital Assets*" in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets including lease assets, intangible right-to-use assets, subscription assets, other intangible assets and assets held for sale. The requirements of this Statement are effective for periods beginning after June 15, 2025, and all reporting periods thereafter.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the City believes will most impact its financial statements. The City will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

The City is not required to adopt budgets for the Trust Funds and General Capital Fund. 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 2024 and 2023, the City Council increased the original budget by \$781,201 and \$199,049, respectively. The 2024 increases were funded by additional aid allotted to the City in the amount of \$741,643 and an emergency appropriation in the amount of \$39,558. The 2023 increase was funded by additional aid allotted to the City. In addition, the governing body approved several budget transfers during 2024 and 2023.

NOTE 3 CASH DEPOSITS AND INVESTMENTS

A. Cash Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agencies of the United States that insures deposits or the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposit of public funds that exceed insurance limits as follows:

**CITY OF SOUTH AMBOY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

Cash on deposit is partially insured by federal deposit insurance in the amount of \$250,000.00 in each depository. Balances above the federal deposit insurance amount are insured by the Government Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:941, et seq., which insures all New Jersey governmental units' deposits in excess of the federal deposit insurance maximums.

Based on GASB criteria, the City considers cash and cash equivalents to include petty cash, change funds, demand deposits, money market accounts, short-term investments and cash management money market mutual funds such as Pillar Funds, and are either any direct and general obligation of the United States of America and its agencies or certificates of deposit issued by any bank, savings and loan association or national banking association if qualified to serve as a depository for public funds under the provisions of the Government Unit Depository Protection Act. Cash and cash equivalents have original maturities of three months or less from the date of purchase. Investments are stated at cost, which approximates fair value.

At December 31, 2024 and 2023, the book value of the City's deposits were \$27,294,235 and \$13,403,862.

At December 31, 2024 and 2023, the bank values of the cash and cash equivalents of the City consisted of the following:

<u>Bank Balance</u>	
<u>2024</u>	<u>2023</u>
\$ 27,523,435	\$ 13,933,141

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, 2024 and 2023, the City had no bank balances 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).

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 3 CASH DEPOSITS AND INVESTMENTS (Continued)

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 risk.

Interest Rate Risk – 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 – State law limits investments as noted above (N.J.S.A. 40A:5-15.1 and NJAC 5:30-14.19). The City does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The City places no limit in the amount the City may invest in any one issuer.

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

NOTE 4 DUE TO/FROM OTHER FUNDS

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

The above balances are the result of expenditures being paid by one fund on behalf of another and/or receipts received by one fund on behalf of another.

	<u>2024</u>		<u>2023</u>	
	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>	Due from <u>Other Funds</u>	Due to <u>Other Funds</u>
Current Fund	\$ 295,207		\$ 275,345	
Federal and State Grant Fund		\$ 273,006		\$ 270,777
Trust Funds:				
Animal Control Trust Fund		1,623		3,186
Other Trust Fund		36		9
General Capital Fund	<u>-</u>	<u>20,542</u>	<u>-</u>	<u>1,373</u>
Total	<u>\$ 295,207</u>	<u>\$ 295,207</u>	<u>\$ 275,345</u>	<u>\$ 275,345</u>

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

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 5 FUND BALANCES APPROPRIATED

Under the regulatory basis of accounting, fund balances in the Current Fund is 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:

	2024		2023	
	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>	Fund Balance <u>December 31,</u>	Utilized in Subsequent <u>Year's Budget</u>
Current Fund				
Cash Surplus	\$ 6,333,087	\$ 1,980,000	\$ 5,034,121	\$ 1,230,000
Non-Cash Surplus	39,558	-	-	-
	<u>\$ 6,372,645</u>	<u>\$ 1,980,000</u>	<u>\$ 5,034,121</u>	<u>\$ 1,230,000</u>

NOTE 6 FIXED ASSETS

General Fixed Assets

The following is a summary of changes in the general fixed assets account group for the years ended December 31, 2024 and 2023.

	Balance			Balance,
	January 1, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2024</u>
<u>2024</u>				
Buildings and Land	\$ 9,625,300			\$ 9,625,300
Machinery and Equipment	<u>9,925,303</u>	<u>\$ 551,368</u>	<u>-</u>	<u>10,476,671</u>
	<u>\$ 19,550,603</u>	<u>\$ 551,368</u>	<u>\$ -</u>	<u>\$ 20,101,971</u>

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 6 FIXED ASSETS (Continued)

General Fixed Assets (Continued)

	Balance January 1, <u>2023</u>	<u>Increases</u>	<u>Decreases</u>	Balance, December 31, <u>2023</u>
<u>2023</u>				
Buildings and Land	\$ 9,625,300			\$ 9,625,300
Machinery and Equipment	<u>9,513,211</u>	<u>\$ 412,092</u>	<u>\$ -</u>	<u>9,925,303</u>
	<u>\$ 19,138,511</u>	<u>\$ 412,092</u>	<u>\$ -</u>	<u>\$ 19,550,603</u>

NOTE 7 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 charge is reported on the balance sheets the following fund:

	Balance <u>December 31,</u>	Subsequent Year Budget <u>Appropriation</u>	<u>Balance</u>
<u>2024</u>			
Current Fund:			
Emergency Appropriation	<u>\$ 39,558</u>	<u>\$ 39,558</u>	<u>\$ -</u>

2023

None.

NOTE 8 MUNICIPAL DEBT

The Local Bond Law (N.J.S.A. 40A:2 et.seq.) governs the issuance of bonds and notes used to finance capital expenditures. General obligation bonds have been issued for general 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.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

The City's debt is summarized as follows:

	<u>2024</u>	<u>2023</u>
Issued		
General		
Bonds, Notes and Loans	\$ 22,975,323	\$ 16,743,953
Less Funds Temporarily Held to Pay Debt	<u>139,463</u>	<u>169,151</u>
Net Debt Issued	<u>22,835,860</u>	<u>16,574,802</u>
Authorized But Not Issued		
General		
Bonds and Notes	<u>4,699,758</u>	<u>12,842,758</u>
Net Bonds, Notes and Loans Issued and Authorized But Not Issued	<u>\$ 27,535,618</u>	<u>\$ 29,417,560</u>

Statutory Net Debt

The statement of debt condition that follows is extracted from the City's Annual Debt Statement and indicates a statutory net debt of 2.131% and 2.487% at December 31, 2024 and 2023, respectively.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2024</u>			
General Debt	\$ 27,675,081	\$ 139,463	\$ 27,535,618
Debt Guarantees	2,265,000	2,265,000	
School Debt	<u>4,890,000</u>	<u>4,890,000</u>	<u>-</u>
Total	<u>\$ 34,830,081</u>	<u>\$ 7,294,463</u>	<u>\$ 27,535,618</u>
	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<u>2023</u>			
General Debt	\$ 29,586,711	\$ 169,151	\$ 29,417,560
Debt Guarantees	2,380,000	2,380,000	
School Debt	<u>5,295,000</u>	<u>5,295,000</u>	<u>-</u>
Total	<u>\$ 37,261,711</u>	<u>\$ 7,844,151</u>	<u>\$ 29,417,560</u>

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

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>2024</u>	<u>2023</u>
3 1/2% of Equalized Valuation Basis (Municipal)	\$ 45,235,662	\$ 41,391,883
Net Debt	<u>27,535,618</u>	<u>29,417,560</u>
Remaining Borrowing Power	<u>\$ 17,700,044</u>	<u>\$ 11,974,323</u>

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>2024</u>	<u>2023</u>
\$7,920,000, 2010 Bonds, due in an annual installment of \$770,000 on May 1, 2025, interest at 4.0%	\$ 770,000	\$ 1,545,000
\$10,405,000, 2019 Bonds, due in annual installments of \$490,000 to \$930,000 through April 15, 2033, interest at 3.0 to 5.0%	7,895,000	8,415,000
\$8,220,000, 2024 Bonds, due in annual installments of \$50,000 to \$765,000 through May 1, 2037, interest at 3.25 to 5.0%	<u>8,220,000</u>	<u>-</u>
	<u>\$ 16,885,000</u>	<u>\$ 9,960,000</u>

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

General Intergovernmental Loans Payable

The City has entered into a loan agreements with the Middlesex County Improvement Authority for the financing relating to certain equipment of the City. The City levies ad valorem taxes to pay debt service on general intergovernmental loans issued. General intergovernmental loans outstanding at December 31 are as follows:

	<u>2024</u>	<u>2023</u>
\$1,177,367, 2020 Loans, due in annual installments of \$128,826 to \$150,000 through September 15, 2029, interest at 3.00% to 5.00%	\$ 698,825	\$ 823,182
\$625,723, 2021 Loans, due in annual installments of \$124,187 to \$136,916 through April 15, 2027, interest at 5.00%	<u>391,498</u>	<u>509,771</u>
	<u>\$ 1,090,323</u>	<u>\$ 1,332,953</u>

The City's principal and interest for long-term debt issued and outstanding as of December 31, 2024 is as follows:

Calendar Year	<u>Bonds</u>		<u>Loans</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 1,310,000	\$ 694,849	\$ 253,013	\$ 51,615	\$ 2,309,477
2026	1,315,000	571,688	260,395	38,966	2,186,049
2027	1,310,000	514,538	281,915	25,946	2,132,399
2028	1,560,000	457,138	145,000	11,850	2,173,988
2029	1,570,000	394,538	150,000	7,500	2,122,038
2030-2034	7,525,000	1,031,790	-	-	8,556,790
2035-2037	<u>2,295,000</u>	<u>119,533</u>	<u>-</u>	<u>-</u>	<u>2,414,533</u>
	<u>\$16,885,000</u>	<u>\$3,784,074</u>	<u>\$1,090,323</u>	<u>\$135,877</u>	<u>\$21,895,274</u>

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

Debt Guarantees

South Amboy Redevelopment Agency – Lease Revenue Bonds Recreation and Community Center

On August 15, 2008, the South Amboy Redevelopment Agency (the “Agency”) issued \$5,000,000 of Lease Revenue bonds, Series 2008 (“2008 Revenue Bonds”) to: (i) finance the construction of a recreation and community center, (ii) refund the Agency’s \$1,000,000 Project Note, Series 2008 maturing September 12, 2008 and (iii) pay certain costs of issuance. The 2008 Revenue Bonds bear an interest rate of 4.25% per annum with principal payments due on August 15th through 2038.

On April 20, 2016, the Agency issued \$3,055,000 of Lease Revenue Refunding Bonds, Series 2016 (“2016 Revenue Bonds”) The 2016 Revenue Bonds were purchased by Amboy Bank at an interest rate of 3.50% per annum with principal payments due on August 15th through 2038. The proceeds along with available cash on hand in the amount of \$1,470,427 were used to: (i) refund all of the Agency’s outstanding 2008 Revenues Bonds in the amount of \$4,405,000 (ii) pay interest due through April 20, 2016 and (iii) pay certain costs of issuance.

In conjunction with the issuance of the Lease Revenue Bonds, the City and the Agency entered into a subsidy agreement dated February 15, 2007. Pursuant to the agreement the City shall pay the Agency upon 15 days’ notice, any, amount needed to pay principal and redemption premium of and/or interest on the 2008 Revenue bonds to the extent such funds are not otherwise available from the Agency.

The outstanding balance at December 31, 2024 and 2023 is \$2,265,000 and \$2,380,000, respectively.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

Changes in Long-Term Municipal Debt

The City's long-term capital debt activity for the years ended December 31, 2024 and 2023 were as follows:

	Balance, January 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2024</u>	Due Within <u>One Year</u>
<u>2024</u>					
General Capital Fund					
Bonds Payable	\$ 9,960,000	\$ 8,220,000	\$ 1,295,000	\$ 16,885,000	\$ 1,310,000
Intergovernmental					
Loans Payable	<u>1,332,953</u>	<u>-</u>	<u>242,630</u>	<u>1,090,323</u>	<u>253,013</u>
General Capital Fund					
Long-Term Liabilities	<u>\$ 11,292,953</u>	<u>\$ 8,220,000</u>	<u>\$ 1,537,630</u>	<u>\$ 17,975,323</u>	<u>\$ 1,563,013</u>
	Balance, January 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance, December 31, <u>2023</u>	Due Within <u>One Year</u>
<u>2023</u>					
General Capital Fund					
Bonds Payable	\$ 11,445,000		\$ 1,485,000	\$ 9,960,000	\$ 1,295,000
Intergovernmental					
Loans Payable	<u>1,565,126</u>	<u>\$ -</u>	<u>232,173</u>	<u>1,332,953</u>	<u>242,631</u>
General Capital Fund					
Long-Term Liabilities	<u>\$ 13,010,126</u>	<u>\$ -</u>	<u>\$ 1,717,173</u>	<u>\$ 11,292,953</u>	<u>\$ 1,537,631</u>

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 8 MUNICIPAL DEBT (Continued)

Short-Term Debt

			Balance January 1, <u>2024</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2024</u>
<u>2024</u>	<u>Date of</u>	<u>Interest</u>				
	<u>Maturity</u>	<u>Rate</u>				
Bond Anticipation Notes						
General Capital Fund	1/24/2025	4.00%	<u>\$5,451,000</u>	<u>\$5,000,000</u>	<u>\$5,451,000</u>	<u>\$ 5,000,000</u>
			Balance January 1, <u>2023</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2023</u>
<u>2023</u>						
Bond Anticipation Notes						
General Capital Fund	6/28/2024	4.00%	<u>\$4,354,000</u>	<u>\$5,451,000</u>	<u>\$4,354,000</u>	<u>\$ 5,451,000</u>

Bond Anticipation Notes

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 general governmental activities are accounted for in the General Capital Fund.

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

**CITY OF SOUTH AMBOY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 9 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 and sick leave over the life of their working careers and to redeem such unused leave time in cash (with certain limitations) upon death, retirement or by extended absence immediately preceding retirement.

It is estimated that the current cost of such unpaid compensation and salary related payments would approximate \$1,545,167 and \$1,638,886 at December 31, 2024 and 2023, respectively. This amount which is considered material to the financial statements, is not reported either as an expenditure or liability.

As of December 31, 2024 and 2023, the City has reserved in the Other Trust Fund \$62,270 to fund compensated absences in accordance with NJSA 40A:4-39.

B. Deferred Pension Obligation

During the year ended December 31, 2009 the City elected to contribute 50% of its normal and accrued liability components of the PFRS and PERS obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$344,668 and will be paid back with interest over 15 years which commenced in the 2012 year. The City is permitted to payoff the deferred PFRS and PERS pension obligations at any time. The deferred liability including accrued interest (7.00% effective July 1, 2017) due April 1, 2025 for PERS and PFRS is \$16,327 and \$37,672, respectively.

During the years ended December 31, 2024, 2023 and 2022, the City was required to contribute for the deferred pension obligation the following amounts which equaled the required contribution for each year.

<u>Year Ended</u> <u>December 31,</u>	<u>PERS</u>	<u>PFRS</u>
2024	\$ 16,258	\$ 37,366
2023	16,057	36,847
2022	16,689	38,293

**CITY OF SOUTH AMBOY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS

Public Employees' Retirement System

The Public Employees' Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PERS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency are enrolled in PERS, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or other jurisdiction's pension fund. Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

	<u>2023</u>
Inactive plan members or beneficiaries currently receiving benefits	191,041
Inactive plan members entitled to but not yet receiving benefits	658
Active plan members	<u>241,151</u>
Total	<u><u>432,850</u></u>

Contributing Employers – 1,678 (As of June 30, 2023)

Significant Legislation – For State of New Jersey contributions to PERS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PERS.

For the year ended December 31, 2023, the City's total payroll for all employees was \$8,551,584. For the year ended December 31, 2023, total PERS covered payroll was \$2,973,732. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the City to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A 43:15 and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contributions are based on an amortization of the unfunded accrued liability. Funding or noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount.

**CITY OF SOUTH AMBOY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (continued)

Employers' contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits. City contributions are due and payable on April 1st in the second fiscal period subsequent to plan year for which the contributions requirements were calculated.

In accordance with Chapter 98, P.L. 2017, PERS receives 21.02% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from lottery proceeds are assumed to be contributed to the System on a monthly basis.

City payments to PERS for the year ending December 31, 2024 consisted of the following:

	<u>2024</u>
Total Regular Billing	\$ <u>456,090</u>

The City recognizes liabilities to PERS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:15. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 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

A service retirement benefit 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, to tier 3 and 4 members with 25 years or more 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 retirement age of his/her respective tier.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (continued)

Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

At June 30, 2023, the PERS reported a net pension liability of \$14,606,489,066 for its Non-State Employer Member Group. The City's proportionate share of the net pension liability for the Non-State Employer Member Group that is attributable to the City was \$4,942,793 or 0.034513%, which was a decrease of 0.001628% from its proportion measured as of June 30, 2022 of 0.036141%. The total pension benefit of \$49,125 was greater than the actual expense of \$443,149 paid by the City.

At December 31, 2023, the City had deferred outflows of resources and deferred inflows of resources related to PERS from the following sources, if GASB Statement No. 68 was recognized:

<u>2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expended and actual experience	\$ 47,259	\$ 20,205
Changes of assumptions	10,858	299,554
Net difference between projected and actual investment earnings on pension plan investments	22,762	
Changes in proportion	601,386	328,060
City contributions subsequent to the measurement date	456,090	
	<u>\$ 1,138,355</u>	<u>\$ 647,819</u>

The \$456,090 shown as deferred outflows of resources related to PERS resulting from City contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS would have been recognized in pension expense as follows, if GASB Statement No. 68 was recognized:

<u>Year ended December 31,</u>	<u>Amount</u>
2024	\$ (171,965)
2025	31,234
2026	237,231
2027	(57,994)
2028	(4,060)
Total	<u>\$ 34,446</u>

**CITY OF SOUTH AMBOY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (continued)

Actuarial Assumptions- The total collective pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

	<u>2023</u>
Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75% - 6.55%
	based on years of service
Through all future years	7.00%

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (continued)

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 in the following table:

Asset Class	2023	
	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Assets	3.00%	8.40%
Real Estate	8.00%	8.58%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2023 was 7.00%. 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 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 projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments to determine the total pension liability.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (continued)

Sensitivity of Net Pension Liability – the following presents the net pension liability of PERS calculated using the discount rates as disclosed below as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease 6.00%</u>	<u>At Current Discount Rate 7.00%</u>	<u>At 1% Increase 8.00%</u>
PERS	\$ <u>6,434,465</u>	\$ <u>4,942,793</u>	\$ <u>3,673,183</u>

Plan Fiduciary Net Position – The plan fiduciary net position for PERS, including the State of New Jersey, at June 30, 2023 was \$34,831,652,936. The portion of the Plan Fiduciary Net Position that was allocable to the Local (Non-State) Group at June 30, 2023 was \$27,400,438,440.

Additional information

Collective Local Group balances at June 30, 2023 are as follows:

Collective deferred outflows of resources	\$ 1,080,204,730
Collective deferred inflows of resources	1,780,216,457
Collective net pension liability	14,606,489,066
City's Proportion	0.0341250055%

Collective pension benefit for the Local Group for the measurement period ended June 30, 2023 was \$1,032,778,934. The average of the expected remaining service lives of all plan members is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years for 2023, 2021, 2020, 2019, 2018, and 2017, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis with the first contribution 15 months after the associated valuation date.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Public Employees' Retirement System (continued)

Receivable Contributions

The Fiduciary Net Position (FNP), includes Local employers' contributions receivable as reported in the financial statements provided by the Division of Pensions and Benefits. In determining the discount rate, the FNP at the beginning of each year does not reflect receivable contributions as those amounts are not available at the beginning of the year to pay benefits. The receivable contributions for the year ended June 30, 2023 are \$1,354,892,653.

Special Funding Situation – PERS

Under N.J.S.A. 43:15A-15, the City is responsible for their own PERS 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 365, P.L. 2001, and Chapter 133, 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 PERS under this legislation.

At December 31, 2023, the State's proportionate share of the net pension liability attributable to the City for the PERS special funding situation is \$0. For the year ended December 31, 2023, the pension system has determined the State's proportionate share of the pension expense attributable to the City for the PERS, special funding situation is \$15,415, which is equal to the actual contribution the State made on behalf of the City of \$15,415. At December 31, 2023 (measurement date June 30, 2023) the State's share of the PERS net pension liability attributable to the City was 0.034254 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.

**CITY OF SOUTH AMBOY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen’s Retirement System

The Police and Firemen’s Retirement System is a cost-sharing, multiple employer defined benefit pension plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the PFRS Plan are as follows:

Plan Membership and Contributing Employers- Substantially all full-time county and municipal police and firemen and state firemen or officer employees with police powers appointed after June 30, 1944 are enrolled in PFRS Membership and contributing employers of the defined benefit pension plans consisted of the following at June 30, 2023:

Inactive plan members or beneficiaries currently receiving benefits	48,753
Inactive plan members entitled to but not yet receiving benefits	60
Active plan members	<u>41,816</u>
Total	<u><u>90,629</u></u>

Contributing Employers – 579 (As of June 30, 2023)

Significant Legislation – For State of New Jersey contributions to PFRS, Chapter 1, P.L. 2010, effective May 21, 2010, required the State to resume making actuarially recommended contributions to the pension plan on a phased-in basis over a seven-year period beginning in the fiscal year ended June 30, 2012.

In accordance with Chapter 98, P.L. 2017, PFRS receives 1.2% of the proceeds of the Lottery Enterprise for a period of 30 years. Revenues received from the lottery proceeds are assumed to be contributed to the System on a monthly basis. Consistent with Chapter 83, P.L. 2016, it is assumed that the State will make pension contributions in equal amounts at the end of each quarter. It is assumed the Local employers’ contributions are expected to be received on April 1st, 21 months after the associated valuation date. Pursuant to the provision of Chapter 78, P.L. 2011, COLA increases were suspended for all current and future retirees of PFRS.

**CITY OF SOUTH AMBOY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (continued)

For the year ended December 31, 2023, the City's total payroll for all employees was \$8,551,584. For the year ended December 31, 2023, total PFRS covered payroll was \$3,654,222. Due to payroll system limitations, covered payroll refers to pensionable compensation, rather than total compensation, paid by the City to active employees covered by the Plan.

Specific Contribution Requirements and benefit provisions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contributions rate increased from 8.5% of annual compensation to 10.0% in October 2011. Employer contribution amounts are based on an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances and noncontributory death benefits.

City payments to PFRS for the year ending December 31, 2024 consisted of the following:

	<u>2024</u>
Total Regular Billing	<u>\$ 1,273,764</u>

The City recognizes liabilities to PFRS and records expenditures for same in the fiscal period that bills become due.

The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible 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% (tiers 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 SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen’s Retirement System (continued)

At June 30, 2023, the PFRS reported a net pension liability of \$13,084,649,602 for its Non-State, Non-Special Funding Situation Employer Member Group. The City’s proportionate share of the net pension liability for the Non-State Non-Special Funding Situation Employer Member Group was \$10,572,063, or 0.095685% which was an increase of 0.004935% from its proportion, measured as of June 30, 2022 of 0.090750%. The actual expense of \$1,107,417 is less than the actual amount of \$1,180,257 paid by the City.

At December 31, 2023, the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources, if GASB Statement No. 68 was recognized:

<u>2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 452,675	\$ 504,194
Changes of assumptions	22,818	713,868
Net difference between projected and actual investment earnings on pension plan investments	538,415	
Changes in proportion	1,556,741	31,023
City contributions subsequent to the measurement date	1,273,764	
	<u>\$ 3,844,413</u>	<u>\$ 1,249,085</u>

The \$1,273,764 is reflected above as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense on the GAAP basis as follows:

<u>Year ended December 31,</u>	<u>Amount</u>
2024	\$ 107,948
2025	49,411
2026	779,270
2027	313,334
2028	71,601
Total	<u>\$ 1,321,564</u>

**CITY OF SOUTH AMBOY
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen’s Retirement System (continued)

Actuarial Assumptions- The total collective pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. This actuarial valuation used the following actuarial assumptions:

	<u>2023</u>
Wages	3.25%
Inflation rate	2.75%
Salary Increases:	3.25% - 16.25%
	based on years of service
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% 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 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans’ target asset allocation as of June 30, 2023 are summarized in the following table:

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (continued).

2023		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<u>100.00%</u>	

Discount Rate – The discount rate used to measure the total pension liability as of June 30, 2023 was 7.00%. 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 local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of Net Pension Liability – the following presents the net pension liability of PFRS calculated using the discount rates as disclosed above as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	At 1% Decrease Rate (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase Rate (8.00%)
PFRS	<u>\$ 14,730,319</u>	<u>\$ 10,572,063</u>	<u>\$ 7,109,230</u>

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Police and Firemen's Retirement System (continued)

Plan Fiduciary Net Position – The plan fiduciary net position for PFRS at June 30, 2023 was \$30,766,525,115.

Additional information

Collective Local Group balances at June 30, 2023 are as follows:

Collective deferred outflows of resources	\$ 1,753,080,638
Collective deferred inflows of resources	1,966,439,601
Collective net pension liability	13,084,649,602
City's Proportion	0.09568528%

Collective pension expense or benefit for the Local Group for the measurement period ended June 30, 2023 was \$165,943,124. The average of the expected remaining service lives of all plan members is 6.22, 6.17, 5.90, 5.92, 5.73, and 5.59 years for 2023, 2021, 2020, 2019, 2018, and 2017, respectively.

State Contribution Payable Dates

Chapter 83, P.L. 2016 requires the State to make pension contributions on a quarterly basis: at least 25% by September 30, at least 50% by December 31, at least 75% by March 31, and at least 100% by June 30. As such, contributions are assumed to be made on a quarterly basis.

Local employer's contributions are expected to be paid on April 1st, 21 months after the associated valuation date.

Special Funding Situation

Under N.J.S.A 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation and state is treated as a non-employer entity. The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the City as of June 30, 2023 for police and fire is 0.095568%. The non-employer contributing entities' contribution for the year ended June 30, 2023 was \$221,584. The state's proportionate share of net pension liability attributable to the City as of June 30, 2023 was \$1,948,026.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 10 EMPLOYEE RETIREMENT SYSTEMS (Continued)

Defined Contribution Retirement Plan

DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. Prudential is acting on behalf of the NJ Division of Pensions and Benefits as the record keeper and investment funds manager. Chapter 1, P.L. 2010 increased the minimum annual salary required for eligibility in the DCRP. An employee must earn an annual salary of at least \$5,000 to be eligible or to continue participation. The Defined Contribution Retirement Plan (DCRP) is a multiple employer defined contribution plan as defined in GASB Statement No. 68. The Plan is administered by The New Jersey Division of Pensions and Benefits (Division). The more significant aspects of the DCRP are as follows:

Plan Membership and Contributing Employers - Enrollment in the DCRP is required for state or local officials, elected or appointed on or after July 1, 2007; employees enrolled in PFRS or PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; employees otherwise eligible to enroll in PFRS or PERS on or after November 2, 2008, who do not earn the minimum annual salary for tier 3 enrollment but who earn salary of at least \$5,000 annually; and employees otherwise eligible to enroll in PFRS or PERS after May 21, 2010, who do not work the minimum number of hours per week required for tier 4 or tier 5 enrollment, but who earn salary of at least \$5,000 annually.

At June 30, 2023, the membership in the DCRP, based on the information within the Division's database, was 44,352.

Contribution Requirement and Benefit Provisions - State and local government employers contribute 3% of the employee's base salary. Active members contribute 5.5% of base salary.

Eligible members are provided with a defined contribution retirement plan intended to qualify for favorable Federal income tax treatment under IRC Section 401(a), a noncontributory group life insurance plan and a noncontributory group disability benefit plan. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employee contributions shall immediately become and shall at all times remain fully vested and non-forfeitable. A participant's interest in that portion of his or her defined contribution retirement plan account attributable to employer contributions shall be vested and non-forfeitable on the date the participant commences the second year of employment or upon his or her attainment of age 65, while employed by an employer, whichever occurs first.

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 based on 7.50% for PERS, 10% for PFRS and 5.5% for DCRP of employees' base wages.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 POST-RETIREMENT HEALTH COVERAGE

State Health Benefit Local Government Retired Employees Plan

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The Plan provides medical and prescription drug coverage to retirees and their dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A. 52:14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L. 1989.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 POST-RETIREMENT HEALTH COVERAGE (Continued)

Contributions

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

Plan Membership and Contributing Employers

Plan membership and contributing employers/nonemployers consisted of the following at June 30, 2023:

Inactive plan members or beneficiaries currently receiving benefits	34,771
Active plan members	<u>65,613</u>
 Total	 <u>100,384</u>
 Contributing employers	 590
Contributing nonemployers	1

Funding Situation - The State of New Jersey's Total Net OPEB Liability for the funding situation was \$15,006,539,477 at June 30, 2023.

Components of Net OPEB Liability - The components of the collective net OPEB liability for Local Government Retired Employees Plan, including the State of New Jersey, is as follows:

	<u>2023</u>
Special Funding Situation	\$ 3,489,093,208
Non-special Funding Situation	<u>11,517,446,269</u>
 Total Net OPEB Liability	 <u>\$ 15,006,539,477</u>

	<u>2023</u>
Non-special Funding Situation:	
Plan Net OPEB Liability	\$ 11,517,446,269
City Allocations:	
Net OPEB Liability	\$ 24,182,138
Allocation Percentage	0.161144%
 City Plan Participants	 147

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 POST-RETIREMENT HEALTH COVERAGE (Continued)

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>June 30, 2023</u>
Inflation Rate	N/A
Salary Increases*:	
Public Employees' Retirement System (PERS)	
Initial fiscal year applied	
Rate for all future years	2.75% to 6.55%
Police and Firemen's Retirement System (PFRS)	
Rate for all future years	3.25% to 16.25%

Mortality:

PERS:

Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the ventral year using Scale MP-2021

PFRS:

Pub-2010 general classification headcount weighted mortality with fully generational mortality improvement projections from the ventral year using Scale MP-2021

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

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 POST-RETIREMENT HEALTH COVERAGE (Continued)

Preretirement and postretirement mortality rates were based on the Pub-2010 Safety Headcount-Weighted mortality table with fully generational mortality improvement projections from the central year using the MP-2021 scale.

Actuarial assumptions used in the July 1, 2022 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement. The health care trend assumption is used to project the growth of the expected claims over the lifetime of the health care recipients. The GASB statement does not require a particular source for information to determine health care trends, but it does recommend selecting a source that is “publicly available, objective, and unbiased”.

Medical and prescription drug trend rates are determined by utilizing experience data, industry experience which includes surveys and Aon trend guidance. These rates are adjusted further to be appropriate with respect to the plan provisions. For pre-Medicare medical benefits, the trend is initially 6.25% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage rates for Plan Years 2019 through 2023 are reflected. For Plan Year 2024 the Medicare Advantage trend rate includes an assumed increase in the premiums based on recent experience and discussions with the Medicare Advantage vendor. The assumed post-65 medical trend is 4.50% for all future years. For prescription drug benefits, the initial trend rate is 8.00% decreasing to a 4.50% long-term trend rate after seven years.

Discount Rate - The discount rate for June 30, 2023 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the State’s Net OPEB Liability to Changes in the Discount Rate - The following presents the collective net OPEB liability of the participating employers and City as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current rate:

	1% Decrease	At Discount Rate	1% Increase
Collective Net OPEB Liability	\$ 17,382,355,978	\$ 15,006,539,477	\$ 13,095,561,553
City’s proportionate share of Net OPEB liability	28,010,624	24,182,138	21,102,712

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 POST-RETIREMENT HEALTH COVERAGE (Continued)

Sensitivity of the State's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the net OPEB liability as of June 30, 2023, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Collective Net OPEB Liability	\$12,753,792,805	\$15,006,539,477	\$17,890,743,651
City's proportionate share of Net OPEB liability	20,551,972	24,182,138	28,829,860

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the City's allocated deferred outflows of resources and deferred inflows of resources related to its Nonspecial Funding participation in the OPEB Plan were as follows, if GASB Statement No. 75 was recognized:

<u>2023</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 3,132,494	\$ 6,835,516
Net difference between projected and actual earnings on OPEB plan investments		3,990.00
Differences between expected and actual experience	1,115,155	6,567,078
Changes in proportion	6,105,672	3,000,303
	<u>\$ 10,353,321</u>	<u>\$ 16,406,887</u>

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.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 11 POST-RETIREMENT HEALTH COVERAGE (Continued)

OPEB Plan Fiduciary Net Position

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

NOTE 12 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 is a member of the Central Jersey Joint Insurance Fund (CJJIF) 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 CJJIF 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.

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:

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 12 RISK MANAGEMENT (Continued)

<u>Year Ended December 31</u>	<u>Interest Earnings</u>	<u>City Contribution</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024	\$ 4,169	\$ 10,000	\$ 11,855	\$ 50,320	\$ 149,461
2023	1,865	10,000	10,998	9,774	173,757
2022	836	10,000	10,463	7,480	160,668

NOTE 13 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 with the exception of the following:

The City of South Amboy is a past member of the Middlesex County Joint Insurance Fund. Although South Amboy has not been a member of the Fund for several years, a supplemental assessment from the City of South Amboy in the amount of \$292,573 has been assessed. The City has joined other affected municipalities and governmental entities in challenging the validity and amount of the Special Assessment. The amount for which the City will be liable for, if any, is unknown at this time.

Pending Tax Appeals - Various tax appeal cases were pending in the New Jersey Tax Court at December 31, 2024 and 2023. 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, 2024 and 2023, the City reserved \$200,000 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, 2024 and 2023, 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 14 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 obligation issued.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 14 FEDERAL ARBITRAGE REGULATIONS (Continued)

If there are excess earnings, this amount may be required to be rebated to the IRS. At December 31, 2024 and 2023, the City has not estimated its estimated arbitrage earnings due to the IRS, if any.

NOTE 15 TAX ABATEMENTS

For the years ended December 31, 2024 and 2023, the City provided property tax abatements through certain programs authorized under State statutes. The programs include the Long Term Tax Exemption Law (the "LTTE Law") and the New Jersey Housing and Mortgage Financing Act (NJHMFA).

- The Long Term Tax Exemption Law (NJSA 40A:20 et.seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the years ended December 31, 2024 and 2023, the City abated property taxes totaling \$3,333,316 and \$3,320,413, respectively under the LTTE program. The City received \$2,168,340 and \$1,409,408 in PILOT payments under this program for the years ended December 31, 2024 and 2023, respectively.
- The New Jersey Housing and Mortgage Financing Act (NJSA 55:14K et. seq.) allows for property tax abatements for residential rental housing projects financed by the New Jersey Housing and Mortgage Finance Agency. These property tax abatements last for the term of the original mortgage financing so long as the residential rental housing project remains subject to the NJHMFA Law and regulations. The process begins when the municipality passes by ordinance or resolution, as appropriate, that such residential rental housing project shall be exempt from property tax provided that an agreement is entered into with the housing sponsor for payments in lieu of taxes (PILOTs) to the municipality. The agreement can require the housing sponsor to a PILOT payment to the municipality in an amount up to 20% of the annual gross revenue from each housing project. For the years ended December 31, 2024 and 2023, the City abated property taxes totaling \$298,815 and \$297,659, respectively, under the NJHMFA program. The City received \$59,234 and \$52,643 in PILOT payments under this program for the years ended December 31, 2024 and 2023, respectively.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 16 LENGTH OF SERVICE AWARDS PROGRAM (LOSAP)

The City of South Amboy Length of Service Awards Program (the Plan) was created by a City ordinance adopted on July 6, 1999, 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 South Amboy approved the adoption of the Plan at the general election held on November 2, 1999.

The first year of eligibility for entrance into the Plan was calendar year 2000. The tax deferred income benefits for emergency services volunteers, consisting of the South Amboy Fire Department and the First Aid Squad, 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 has contributed \$1,095 and \$878 for 2024 and 2023, respectively, for each eligible volunteer fire department and volunteer first aid squad members into the Plan. The total City contributions were \$73,354 and \$50,035 for 2024 and 2023, 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 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 Review Services.

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 17 TAXES RECEIVABLE

	<u>2024</u>	<u>2023</u>
Property Taxes		\$ 3,816
Tax/Sewer Title Liens	\$ 2,888	-
	<u>\$ 2,888</u>	<u>\$ 3,816</u>

In 2024 and 2023, the City collected \$3,500 and \$2,536 from delinquent taxes, which represented 100% and 100%, respectively of the prior year adjusted delinquent taxes and tax title liens receivable balances.

NOTE 18 SELECTED TAX INFORMATION

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and the imposition of interest charges. A 6% penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the prior year may be placed in lien at a tax sale held after April 1 and through December 31. Unpaid taxes of the current year may be placed in lien at a tax sale held after December 10.

Comparative Schedule of Tax Rate Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Tax Rate</u>	\$ 3.209	\$ 3.088	\$ 2.934
<u>Appointment of Tax Rate</u>			
Municipal	\$ 1.358	\$ 1.329	\$ 1.260
County	.524	.484	.462
Local School	1.327	1.275	1.212

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 18 SELECTED TAX INFORMATION (Continued)

Assessed Valuations

2024	<u>\$897,811,600</u>		
2023		<u>\$895,366,900</u>	
2022			<u>\$901,241,600</u>

Comparison of Tax Levies and Collections

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>December 31,</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collection</u>
2024	\$ 29,017,081	\$ 28,989,397	99.90%
2023	27,794,459	27,786,776	99.97%
2022	26,601,013	26,587,406	99.95%

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,</u>	<u>Amount of Tax/Sewer Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2024	\$ 2,888		\$ 2,888	0.01%
2023		\$ 3,816	3,816	0.01%
2022				0.00%

**CITY OF SOUTH AMBOY
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2024 AND 2023**

NOTE 19 ACCELERATED TAX SALE

Chapter 99 of the Public Laws and 1997 of the State of New Jersey, effective May 12, 1997, authorized any municipality to have an accelerated tax sale. An accelerated tax sale permits a municipality to have a tax sale when a property is in arrears after the 11th day of the 11th month of each fiscal year. In 2024 and 2023, the City conducted an accelerated tax sale which resulted in the majority of delinquent taxes being sold to outside lien holders. As a result of the accelerated tax sales, the true collection rate which includes the proceeds of the accelerated tax sale was 100.00% and 99.97% for 2024 and 2023, respectively. The underlying tax collection rate was 99.65% and 96.75% for 2024 and 2023, respectively.

NOTE 20 SUBSEQUENT EVENTS

The City has reviewed and evaluated all subsequent events from December 31, 2024 through the date of this report, which is the date the financial statements were available to be issued. Based on this evaluation, the City has determined the following subsequent event has occurred which requires disclosure in the financial statements.

The City has authorized the following capital projects/improvements:

Various Capital Improvements in the total amount of \$2,305,000, authorizing bonds and notes in the amount of \$2,189,500.

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY**

PART II

**SUPPLEMENTARY INFORMATION REQUIRED BY THE DIVISION
YEAR ENDED DECEMBER 31, 2024**

CURRENT AND GRANT FUND

**CITY OF SOUTH AMBOY
STATEMENT OF CASH - TREASURER**

Balance, January 1, 2024		\$ 7,976,172
Increased by Receipts:		
Taxes Receivable	\$ 28,785,196	
Tax Overpayments	7,316	
Non-Budget Revenue	156,077	
Due to State of NJ - Senior Citizens' and Veterans' Deductions	39,818	
Revenue Accounts Receivable	9,350,222	
Miscellaneous Reserves	25	
Sewer Overpayments	6,226	
Prepaid Taxes	213,721	
Prepaid Pilots	6,297	
PILOT - 5% Due to County	98,549	
Accounts Payable - Refunds	2,576	
Receipts on Behalf Federal and State Grant Fund	914,809	
Receipts from Animal Control Trust Fund	2,946	
Petty Cash Fund Returned	200	
Receipts from Other Trust Fund	151,913	
Receipts for Community Development Block Grant Trust Fund	61,719	
Proceeds from Sale of Foreclosed Property	3,300	
Receipts from Federal and State Grant Fund	9,822	
Receipts due to General Capital Fund	<u>24,341,183</u>	
		<u>64,151,915</u>
		72,128,087
Decreased by Disbursements:		
Budget Appropriations	22,073,158	
Miscellaneous Reserves	41,762	
PILOT - 5% Due to County	100,052	
Payments on behalf Federal and State Grant Fund	928,432	
Appropriation Reserves	367,292	
County Taxes Payable	4,721,461	
Local District School Tax Payable	11,914,241	
Encumbrances Payable	315,170	
Tax Overpayments	21,016	
Sewer Overpayments	7,208	
Payments on Behalf of Other Trust Fund	137,131	
Payments to South Amboy Redevelopment Agency	139	
Payments on Behalf of Community Development Block Grant Trust Fund	61,719	
Payments on Behalf of General Capital Fund	19,476,831	
Payments to General Capital Fund	4,905,523	
Accounts Payable	76,979	
Petty Cash Fund Established	200	
Refund of Prior Year Revenue	<u>15,032</u>	
		<u>65,163,345</u>
Balance, December 31, 2024		<u>\$ 6,964,742</u>

**CITY OF SOUTH AMBOY
STATEMENT OF CHANGE FUND**

<u>Office</u>	Balance December 31,	
	<u>2024</u>	<u>2023</u>
Municipal Court	\$ 100	\$ 100
Tax Collector	300	300
City Clerk	<u>50</u>	<u>50</u>
	<u>\$ 450</u>	<u>\$ 450</u>

**CITY OF SOUTH AMBOY
STATEMENT OF PETTY CASH**

	Balance, January 1, <u>2024</u>	<u>Increased by</u> Petty Cash <u>Established</u>	<u>Decreased by</u> Petty Cash <u>Returned</u>	Balance, December 31, <u>2024</u>
<u>Office</u>				
City Administrator	\$ -	\$ 200	\$ 200	\$ -
	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ -</u>

**STATEMENT OF GRANTS RECEIVABLE
GRANT FUND**

	Balance, January 1, <u>2024</u>	2024 <u>Budgeted</u> <u>Revenue</u>	<u>Received</u>	Balance, December 31, <u>2024</u>
Clean Communities Grant		\$ 21,636	\$ 21,636	-
Transportation Trust fund- broadway Phase I Roadway and Pedestrian		619,460		\$ 619,460
Radford Ferry Road (Phase II)	\$ 168,685			168,685
Intermodal RFR II	2,740,567			2,740,567
Recycling Enhancement Grant - Middlesex County		10,000	10,000	-
Recycling Tonnage Grant		15,547	15,547	-
Municipal Alliance Program	6,288	6,288	11,288	1,288
Middlesex County CARES Act Grant	60	-		60
NJ DCA Transit Village Grant	100,000			100,000
Fire Capital Grant - Truck		1,000,000	750,000	250,000
Body Worn Camera Grant	26,901		26,901	-
Middlesex County Open Space Recreation Grant	5,629			5,629
NJ DOT Transit Village Grant	300,000			300,000
DHMAS Youth Leadership Grant	5,000			5,000
Local Recreation Improvement Grant	44,371			44,371
Firefighter's Grant	52,000	75,000	51,990	75,010
Emergency Management Agency Assistance (EMAA) Grant		10,000	10,000	-
Stormwater Assistance Grant		15,000	15,000	-
	<u>\$ 3,449,501</u>	<u>\$ 1,772,931</u>	<u>\$ 912,362</u>	<u>\$ 4,310,070</u>

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

Balance, January 1, 2024	\$ 5,427
Increased by:	
Received in Cash from State	\$ 39,818
Senior Citizens' and Veterans' Deductions Disallowed - Prior Year	682
Senior Citizens' Deductions Disallowed Per Tax Collector	<u>332</u>
	<u>40,832</u>
	46,259
Decreased by:	
Senior Citizens and Veterans Deductions Per Tax Billings	39,750
Senior Citizens and Veterans Deductions Allowed Per Tax Collector	<u>250</u>
	<u>40,000</u>
Balance, December 31, 2024	<u>\$ 6,259</u>

**CITY OF SOUTH AMBOY
STATEMENT OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance, January 1, 2023	2023 Levy	Added Taxes	Senior Citizen and Veterans' Deductions Disallowed	Collected		Senior Citizens and Veterans' Deductions Allowed	Transferred to Liens	Cancelled	Balance, December 31, 2024
	2023				2023	2024				2024
2023	\$ 3,816		\$ 20	\$ 682		\$ 3,500			\$ 1,018	\$ -
2024		<u>\$ 28,808,567</u>	<u>208,514</u>	<u>332</u>	<u>\$ 168,033</u>	<u>28,781,696</u>	<u>\$ 40,000</u>	<u>\$ 2,888</u>	<u>24,796</u>	<u>-</u>
	<u>\$ 3,816</u>	<u>\$ 28,808,567</u>	<u>\$ 208,534</u>	<u>\$ 1,014</u>	<u>\$ 168,033</u>	<u>\$ 28,785,196</u>	<u>\$ 40,000</u>	<u>\$ 2,888</u>	<u>\$ 25,814</u>	<u>\$ -</u>

Analysis of Calendar Year December 31, 2024 Property Tax Levy

Tax Levy:	
General Purpose Tax	\$ 28,808,567
Added Tax	<u>208,514</u>
	<u>\$ 29,017,081</u>
Local District School Tax Levy	\$ 11,914,241
County Taxes:	
County Tax	\$ 4,306,405
County Open Space	391,139
Due County for Added Taxes	<u>33,486</u>
	4,731,029
Local Tax for Municipal Purposes	11,764,176
Minimum Library Tax	432,607
Added/Omitted Local Tax	<u>175,028</u>
	<u>12,371,810</u>
	<u>\$ 29,017,081</u>

STATEMENT OF PROPERTY ACQUIRED FOR TAXES - AT ASSESSED VALUATIONS

Balance, January 1, 2024	\$ 862,100
Decreased by:	
Sales	
Cash	\$ 3,300
Loss on Sale	<u>9,200</u>
	<u>12,500</u>
Balance, December 31, 2024	<u>\$ 849,600</u>

**CITY OF SOUTH AMBOY
STATEMENT OF REVENUE ACCOUNTS RECEIVABLE**

	Balance, January 1, <u>2024</u>	<u>Accrued</u>	<u>Collected</u>	Balance, December 31, <u>2024</u>
Licenses:				
Alcoholic Beverages		\$ 26,981	\$ 26,981	
Other		15,236	15,236	
Fees and Permits		41,844	41,844	
Fines and Costs:				
Municipal Court	\$ 4,904	92,980	89,828	\$ 8,056
Interest and Costs on Taxes		30,093	30,093	
Interest on Investments and Deposits		196,083	196,083	
Sewer User Fees		1,558,267	1,558,267	
Housing Inspection Program		158,920	158,920	
Cable Television Fees		55,633	55,633	
Payment in Lieu of Taxes - Shoregate		143,072	143,072	
Payment in Lieu of Taxes - South Amboy Housing Authority		51,353	51,353	
Payment in Lieu of Taxes - Robert Noble Manor		7,881	7,881	
Payment in Lieu of Taxes - Hillcrest Manor		40,804	40,804	
Payment in Lieu of Taxes - Station Bay		1,340,661	1,340,661	
Payment in Lieu of Taxes - Woodmont		639,589	639,589	
MCUA Refund		52,577	52,577	
South Amboy Redevelopment Authority Contribution		200,000	200,000	
South Amboy Redevelopment Authority Contribution (Pass Through Developer)		400,000	400,000	
Police Off Duty - Administration Charges		72,500	72,500	
Uniform Construction Code Fees		310,447	310,447	
Energy Receipts Tax (P.L. 1997, Chapters 162 and 167)	-	3,918,453	3,918,453	-
	<u>\$ 4,904</u>	<u>\$ 9,353,374</u>	<u>\$ 9,350,222</u>	<u>\$ 8,056</u>
		Cash Receipts	<u>\$ 9,350,222</u>	

EXHIBIT A-12

STATEMENT OF DUE TO LIBRARY

Balance, December 31, 2024 and 2023 \$ 940

**CITY OF SOUTH AMBOY
STATEMENT OF 2023 APPROPRIATION RESERVES**

	Balance January 1, <u>2024</u>	Encumbrances <u>Restored</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
General Administration					
Salaries and Wages	\$ 175		\$ 175.00		\$ 175
Other Expenses	4,014	\$ 19,818	23,832	\$ 1,484	22,348
Mayor and Council					
Salaries and Wages	189		189	-	189
Other Expenses	5,049		5,049	572	4,477
Municipal Clerk					
Salaries and Wages	2,642		2,642	1,900	742
Other Expenses	1,965	1,582	3,547	7,065	(3,518)
Codification	8,805		8,805		8,805
Financial Administration					
Salaries and Wages	3,670		3,670	2,748	922
Other Expenses	4,054	32	4,086	514	3,572
Revenue Administration					
Salaries and Wages	1,233		1,233	1,000	233
Other Expenses	3,154		3,154	90	3,064
Tax Assessment Administration					
Salaries and Wages	1,692		1,692	1,000	692
Other Expenses	1,908		1,908		1,908
Legal Services					
Other Expenses	12,084	102,327	114,411	1,591	112,820
Department of Engineering					
Other Expenses	19,886	120	20,006		20,006
Planning Board					
Salaries and Wages	228		228		228
Other Expenses	24,128	5,500	29,628		29,628
Police Department					
Salaries and Wages	198,203		198,203	198,203	-
Other Expenses	4,496	661	5,157	658	4,499
Emergency Management					
Salaries and Wages	1,564		1,564		1,564
Department of EMS					
Other Expenses	12,681		12,681	1,066	11,615
Department of Fire					
Other Expenses	115	139	254	254	-
Municipal Prosecutor Office					
Salaries and Wages	70		70		70
Streets and Roads Maintenance					
Salaries and Wages	29,859		29,859	29,592	267
Other Expenses	5,337	8,732	14,069	3,628	10,441
Shade Tree					
Other Expenses	10,000		10,000		10,000
Sewers					
Salaries and Wages	42,092		42,092	10,242	31,850
Other Expenses	66,866	2,426	69,292	9,617	59,675
Recycling Coordinator					
Salaries and Wages	1,072		1,072		1,072
Other Expenses	58		58		58
Solid Waste					
Salaries and Wages	48,745		48,745	12,816	35,929
Other Expenses	104,219		104,219	61,698	42,521

**CITY OF SOUTH AMBOY
STATEMENT OF 2023 APPROPRIATION RESERVES**

	Balance January 1, <u>2023</u>	Encumbrances <u>Restored</u>	Modified <u>Balance</u>	Paid or <u>Charged</u>	Balance <u>Lapsed</u>
Buildings and Grounds					
Salaries and Wages	\$ 5,274		\$ 5,274		\$ 5,274
Other Expenses	36,798		36,798	\$ 1,990	34,808
Vehicle Maintenance					
Salaries and Wages	3,277		3,277	1,585	1,692
Other Expenses	595	\$ 7,568	8,163	1,306	6,857
Board of Health					
Salaries and Wages	118		118		118
Other Expenses	11,033		11,033	11,033	-
Registrar of Vital Statistics					
Salaries and Wages	400		400		400
Other Expenses	116		116		116
Animal Control Services					
Other Expenses	334		334	334	-
Municipal Court					
Salaries and Wages	5,981		5,981	1,212	4,769
Other Expenses	2,999		2,999	280	2,719
Public Defender					
Salaries and Wages	80		80	80	-
Recreation Services and Programs					
Salaries and Wages	2,671		2,671	1,000	1,671
Other Expenses	4,212		4,212	44	4,168
Senior Citizens Activities					
Salaries and Wages	7,174		7,174	1,026	6,148
Other Expenses	4,739		4,739	1,470	3,269
South Amboy Arts District					
Other Expenses	20		20		20
Insurance					
Disability Insurance	5,038		5,038	(5)	5,043
Workers Compensation	9,582		9,582		9,582
Employee Group Health	163,722		163,722	9,332	154,390
Health Benefit Waiver	5,584		5,584		5,584
Division of Code Enforcement					
Salaries and Wages	6,985		6,985	6,985	-
Other Expenses	5,679	960	6,639	(39)	6,678
Celebration of Public Events					
Other Expenses	5,029		5,029	3,850	1,179
Electricity	39,478		39,478	24,238	15,240
Internet	2,993	2,430	5,423	488	4,935
Telecommunications	26,606	7,370	33,976		33,976
Water	30,941		30,941	1,347	29,594
Natural Gas	3,008		3,008	2,609	399
Petroleum Products	50,000	21,977	71,977		71,977
Salary and Wage Adjustments	40,000		40,000		40,000
Contingent	146		146		146
Capital Improvements	16,791		16,791	16791	-
Deferred Charges and Regulatory Expenditures					
Social Security Systems (O.A.S.I.)	17,843		17,843		17,843
Defined Contribution Retirement Program	103		103		103
Sewage Processing and Disposal					
Other Expenses	865		865		865
Length of Service Awards Program	60,000		60,000	50,035	9,965
Recycling Tax	4,041		4,041	1,090	2,951
Matching Funds for Grants	3,000		3,000		3,000
	<u>\$ 1,203,508</u>	<u>\$ 181,642</u>	<u>\$ 1,385,150</u>	<u>\$ 483,819</u>	<u>\$ 901,331</u>
				\$ 367,292	
				<u>116,527</u>	
				<u>\$ 483,819</u>	

**CITY OF SOUTH AMBOY
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2024		\$	632,299
Increased by:			
Charges to 2024 Budget Appropriations	\$	430,521	
Charges to Reserve for Grants Appropriated		<u>877,951</u>	
			<u>1,308,472</u>
			1,940,771
Decreased by:			
Cash Disbursements		315,170	
Encumbrances Restored-Grants Fund		8,260	
Encumbrances Restored-Current Fund		181,642	
Payment for Grant Fund		<u>66,626</u>	
			<u>571,698</u>
Balance, December 31, 2024		\$	<u>1,369,073</u>
	Current Fund	\$	430,521
	Federal and State Grant Fund		<u>938,552</u>
			<u>\$ 1,369,073</u>

EXHIBIT A-15

STATEMENT OF MISCELLANEOUS RESERVES

	Balance, January 1, 2024	Increases	Decreases	Balance, December 31, 2024
Marriage Licenses	\$ 650	-	\$ 275	\$ 375
Construction Code	39,430	-	39,430	-
Auction Deposits	2,000	-	2,000	-
Municipal Relief Funds	403,900	-	403,900	-
Civil Union		\$ 25	-	25
Death Certificates	<u>62</u>	-	<u>57</u>	<u>5</u>
	<u>\$ 446,042</u>	<u>\$ 25</u>	<u>\$ 445,662</u>	<u>\$ 405</u>
			Realized as Revenue	\$ 403,900
			Cash Disbursements	<u>41,762</u>
				<u>\$ 445,662</u>

EXHIBIT A-16

STATEMENT OF COUNTY OF MIDDLESEX TAXES PAYABLE

Balance, January 1, 2024		\$	23,917
Increased by:			
Tax Levy:			
General Taxes		\$	4,306,405
Added and Omitted Taxes			33,486
Open Space Taxes			<u>391,139</u>
			<u>4,731,030</u>
			4,754,947
Decreased by:			
Payments			<u>4,721,461</u>
Balance, December 31, 2024		\$	<u>33,486</u>

**CITY OF SOUTH AMBOY
STATEMENT OF LOCAL DISTRICT SCHOOL TAXES PAYABLE**

Balance, January 1, 2024	\$ -
Increased by:	
Tax Levy	<u>11,914,241</u>
	11,914,241
Decreased by:	
Payments	<u>11,914,241</u>
Balance, December 31, 2024	<u>\$ -</u>

STATEMENT OF SEWER OVERPAYMENTS

Balance, January 1, 2024	\$ 7,208
Increased by:	
Cash Receipts	<u>6,226</u>
	13,434
Decreased by:	
Cash Disbursements	<u>7,208</u>
Balance, December 31, 2024	<u>\$ 6,226</u>

**CITY OF SOUTH AMBOY
STATEMENT OF RESERVE FOR GRANTS APPROPRIATED
GRANT FUND**

	Balance January 1, <u>2024</u>	Budget <u>Appropriation</u>	Other <u>Receipts</u>	Prior year Encumbrances <u>Restored</u>	<u>Disbursed</u>	<u>Encumbered</u>	Balance December 31, <u>2024</u>
Body Armor Replacement Fund		\$ 2,228			\$ 2,228		-
Emergency Management Agency Assistance (EMAA) Grant		10,000			10,000		-
Clean Communities Grant	\$ 23,048	21,636			7,004		\$ 37,680
Recycling Tonnage Grant	53,563	15,547		\$ 2,062	4,517		66,655
Radford Ferry Road	35,479						35,479
Intermodal RFR II	2,687,985						2,687,985
Municipal Alliance Program	2,928	6,288			3,428		5,788
Sustainable Jersey Small Grants Program	146						146
Municipal Alliance Program- Local Match	1,132	1,572			1,132		1,572
Stormwater Assistance Grant		15,000					15,000
Middlesex County ARTS Grant	1,718						1,718
NJ DOT Transit Village Grant	180,000						180,000
Fire Capital Grant- Truck		1,000,000			749,597	\$ 249,866	537
DMHAS Youth Leadership Grant	5,000				5,000		-
Local Recreation Improvement Grant	50,000				43,504		6,496
NJDOT Trust Fund- Broadway Phase 1 Roadway & Pedestrian Improvements		619,460			-	619,460	-
Firefighters Grant (ARP)	10	75,000			25,326	8,625	41,059
Firefighters Grant (ARP) - Match			\$ 9,822				9,822
Recycling Enhancement Grant	-	10,000		813	10,000		813
NJ DCA Transit Village				5,315			5,315
Law and Public Safety (COVID) Grant (FEMA)				70	70	-	-
	<u>\$ 3,041,009</u>	<u>\$ 1,776,731</u>	<u>\$ 9,822</u>	<u>\$ 8,260</u>	<u>\$ 861,806</u>	<u>\$ 877,951</u>	<u>\$ 3,096,065</u>

**CITY OF SOUTH AMBOY
STATEMENT OF UNAPPROPRIATED GRANT RESERVES
GRANT FUND**

	Balance January 1, <u>2024</u>	Cash <u>Receipts</u>	Realized As <u>A Revenue</u>	Balance December 31, <u>2024</u>
Body Armor	\$ 2,228	\$ 2,447	\$ 2,228	\$ 2,447
	<u>\$ 2,228</u>	<u>\$ 2,447</u>	<u>\$ 2,228</u>	<u>\$ 2,447</u>

STATEMENT OF PREPAID TAXES

Balance, January 1, 2024	\$ 172,247
Increased by: 2025 Taxes Received	<u>213,721</u>
	385,968
Decreased by: Applied to 2024 PILOT Revenue Applied to 2024 Taxes Receivable	\$ 4,214 <u>168,033</u> <u>172,247</u>
Balance, December 31, 2024	<u>\$ 213,721</u>

**CITY OF SOUTH AMBOY
STATEMENT OF ACCOUNTS PAYABLE**

Balance, January 1, 2024		\$ 366,474
Increased by:		
Transfer from 2023 Appropriation Reserves	\$ 116,527	
Cash Receipts - Refunds	<u>2,576</u>	
		<u>119,103</u>
		485,577
Decreased by:		
Cash Disbursements		<u>76,979</u>
Balance, December 31, 2024		<u>\$ 408,598</u>

**STATEMENT OF DUE FROM GRANT FUND
CURRENT FUND**

Balance, January 1, 2024		\$ 270,777
Increased by:		
Cash Disbursements Paid by Current Fund		
Appropriated Grant Reserves	\$ 861,806	
Encumbrances Payable	<u>66,626</u>	
		<u>928,432</u>
		1,199,209
Decreased by:		
Grant Receipts Deposited in Current Fund		
Grants Receivable	912,362	
Unappropriated Grants	2,447	
Repayment of interfunds	9,822	
Matching Funds	<u>1,572</u>	
		<u>926,203</u>
Balance, December 31, 2024		<u>\$ 273,006</u>

STATEMENT OF RESERVE FOR TAX APPEALS

Balance, December 31, 2024 and 2023		<u>\$ 200,000</u>
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STATEMENT OF TAX TITLE LIENS

Increased by:		
Transferred from Taxes Receivable	\$ 2,888	
Balance, December 31, 2024		<u>\$ 2,888</u>

**CITY OF SOUTH AMBOY
STATEMENT OF DUE TO SOUTH AMBOY BUSINESS ASSOCIATION**

Balance, December 31, 2024 and 2023	\$	<u>3,000</u>
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STATEMENT OF TAX OVERPAYMENTS

Balance, January 1, 2024	\$	15,423
Increased by:		
Cash Receipts		<u>7,316</u>
		22,739
Decreased by:		
Cash Disbursements		<u>21,016</u>
Balance, December 31, 2024	\$	<u>1,723</u>

STATEMENT OF DUE TO COUNTY OF MIDDLESEX - PILOTS

Balance, January 1, 2024	\$	1,503
Increased by:		
PILOT Payments		<u>98,549</u>
		100,052
Decreased by:		
Cash Disbursements		<u>100,052</u>
Balance, December 31, 2024	\$	<u>-</u>

STATEMENT OF PREPAID PILOTS

Balance, January 1, 2024	\$	-
Increased by:		
PILOT Payments		<u>6,297</u>
Balance, December 31, 2024	\$	<u>6,297</u>

STATEMENT OF EMERGENCY AUTHORIZATION

Increased by:	\$	
2024 Emergency - Interest on Notes		<u>39,558</u>
Balance, December 31, 2024	\$	<u>39,558</u>

TRUST FUND

**CITY OF SOUTH AMBOY
STATEMENT OF CASH**

	<u>Animal Control Trust Fund</u>	<u>Other Trust Fund</u>	<u>Unemployment Insurance Trust Fund</u>
Balance, January 1, 2024	\$ 6,617	\$ 2,449,395	\$ 173,757
Increased by Receipts:			
License and Fees Collected	\$ 1,399		
Due to State of NJ - State Registration Fees	384		
Prepaid License Fees Collected	310		
Reserve for Third Party Lienholders		\$ 592,486	
Reserve for Escrow Deposits		378,661	
Reserve for Payroll			
Reserve for Payroll Deductions Payable		5,529,936	
Reserve for Miscellaneous Reserves		396,364	
Grants Receivable - CDBG			
Account Receivable - Police Outside Duty		151,596	
Employee Contributions			\$ 11,855
Receipts from Current Fund			10,000
Interest on Deposits	-	14,809	4,169
	<u>2,093</u>	<u>7,063,852</u>	<u>26,024</u>
	8,710	9,513,247	199,781
Decreased by Disbursements:			
Expenditures			
Due to State of NJ - State Registration Fees	384		
Reserve for Third Party Lienholders		572,274	
Reserve for CDBG Expenditures			
Reserve for Escrow Deposits		394,948	
Reserve for Payroll Deductions Payable		5,521,153	
Reserve for Miscellaneous Reserves		259,970	
Due to State of NJ - Unemployment Claims			50,320
Payments to Current Fund	2,946	151,913	-
	<u>3,330</u>	<u>6,900,258</u>	<u>50,320</u>
Balance, December 31, 2024	<u>\$ 5,380</u>	<u>\$ 2,612,989</u>	<u>\$ 149,461</u>

**CITY OF SOUTH AMBOY
STATEMENT OF PREPAID REVENUE
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2024	\$ 215
Increased By:	
Prepaid License Fees Collected	<u>310</u>
	525
Decreased by	
Transferred to Reserve for Animal Control Fund Expenditure	<u>215</u>
Balance, December 31, 2024	\$ <u>310</u>

**STATEMENT OF DUE TO STATE OF NEW JERSEY
ANIMAL CONTROL TRUST FUND**

Balance, January 1, 2024	\$ -
Increased By:	
State Fees Collected	<u>384</u>
	384
Decreased by	
Payments to State	<u>384</u>
Balance, December 31, 2024	\$ <u>-</u>

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

Balance, January 1, 2024	\$ 3,186
Increased by:	
Statutory Excess	<u>1,383</u>
	4,569
Decreased by:	
Payments to Current Fund	<u>2,946</u>
Balance, December 31, 2024	\$ <u>1,623</u>

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

Balance, January 1, 2024	\$ 3,216
Increased by:	
License Fees Collected	
Dog	\$ 1,349
Other Fees	50
Prepaid Licenses Applied	<u>215</u>
	<u>1,614</u>
	4,830
Decreased by:	
Statutory Excess - Due to Current Fund	<u>1,383</u>
Balance, December 31, 2024	\$ <u>3,447</u>

License Fees Collected

<u>Year</u>	<u>Amount</u>
2022	\$ 1,652
2023	<u>1,795</u>
	<u>\$ 3,447</u>

Note: R.S. 4:19-15.11

"...there shall be transferred from such special account to the general funds of the municipality any amount then in such special account which is in excess of the total amount paid into such special account during the last two fiscal years next preceding".

**CITY OF SOUTH AMBOY
STATEMENT OF ACCOUNTS RECEIVABLE - OUTSIDE POLICE DUTY
OTHER TRUST FUND**

Balance, January 1, 2024		\$	14,465
Increased by:			
Off Duty Police Billings			<u>138,121</u>
			152,586
Decreased by:			
Cash Receipts			<u>151,596</u>
Balance, December 31, 2024		\$	<u><u>990</u></u>

**STATEMENT OF DUE TO CURRENT FUND
OTHER TRUST FUND**

Balance, January 1, 2024		\$	9
Increased By			
Cash Disbursements Paid by Current Fund	\$	137,131	
Interest on Deposits		<u>14,809</u>	
			<u>151,940</u>
			151,949
Decreased by:			
Payments to Current Fund			<u>151,913</u>
Balance, December 31, 2024		\$	<u><u>36</u></u>

**STATEMENT OF RESERVE FOR THIRD PARTY LIENHOLDERS
OTHER TRUST FUND**

Balance, January 1, 2024		\$	423
Increased by			
Cash Receipts			<u>592,486</u>
			592,909
Decreased by:			
Cash Disbursements			<u>572,274</u>
Balance, December 31, 2024		\$	<u><u>20,635</u></u>

**CITY OF SOUTH AMBOY
STATEMENT OF RESERVE FOR ESCROW DEPOSITS
OTHER TRUST FUND**

Balance, January 1, 2024		\$ 1,186,029
Increased by:		
Interest Revenue	\$ 28,916	
Deposits Collected	<u>349,745</u>	
		<u>378,661</u>
		1,564,690
Decreased by:		
Deposits Refunded		<u>394,948</u>
Balance, December 31, 2024		<u>\$ 1,169,742</u>

EXHIBIT B-10

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

Balance, January 1, 2024		\$ 80,175
Increased by:		
Cash Receipts		<u>5,529,936</u>
		5,610,111
Decreased by:		
Cash Disbursements		<u>5,521,153</u>
Balance, December 31, 2024		<u>\$ 88,958</u>

**CITY OF SOUTH AMBOY
STATEMENT OF RESERVE FOR MISCELLANEOUS RESERVES
OTHER TRUST FUND**

	Balance January 1, <u>2024</u>	<u>Increases</u>	<u>Decreases</u>	Balance December 31, <u>2024</u>
Recycling Program	\$ 20,744	\$ 7,981		\$ 28,725
Senior Citizen Transportation	1,873	791		2,664
Forfeited Funds	13,187	7,905		21,092
Recreation	2,325			2,325
Parking Offense Adjudication Act	3,578	136		3,714
Raritan Bay Seafood Festival	9,365			9,365
Tax Sale Premium	200,500	198,800	\$ 107,800	291,500
Outside Police Duty	89,935	303,323	286,888	106,370
Dedicated Penalties - Fire	4,229			4,229
Storm Recovery	172,813			172,813
Compensated Absences	62,270			62,270
Affordable Housing	609,781	15,549		625,330
Project DARE	1,812		838	974
Ferry Improvement Trust	4,812		1,575	3,237
	<u>\$ 1,197,224</u>	<u>\$ 534,485</u>	<u>\$ 397,101</u>	<u>\$ 1,334,608</u>
		Cash Receipts \$ 396,364	\$ 259,970	
		Accounts Receivable -Police Outside Duty 138,121		
		Due to Current Fund -	<u>137,131</u>	
		<u>\$ 534,485</u>	<u>\$ 397,101</u>	

**CITY OF SOUTH AMBOY
STATEMENT OF RESERVE FOR UNEMPLOYMENT COMPENSATION INSURANCE
UNEMPLOYMENT INSURANCE TRUST FUND**

Balance, January 1, 2024		\$ 173,757
Increased by:		
City Contribution	\$ 10,000	
Employee Contributions Due From Other Trust Fund	11,855	
Interest on Deposits	<u>4,169</u>	
		<u>26,024</u>
		199,781
Decreased by:		
Unemployment Claims		<u>50,320</u>
Balance, December 31, 2024		<u><u>\$ 149,461</u></u>

**CITY OF SOUTH AMBOY
STATEMENT OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE
COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND**

Balance, January 1, 2024	\$	118,334
Increased by:		
Grant Awards		53,061
		171,395
Decreased by:		
Cash Receipts Deposited in Current Fund		61,719
Balance, December 31, 2024	\$	109,676

Analysis of Balance

2018 Historic Arts Program	\$	94
2018 Senior Center HVAC		1,884
2019 Sidewalk Program		14,000
2021 Senior Center ADA Improv.		27,576
2022 Senior Center ADA Improv.		33,061
2023 Senior Center ADA Improv.		33,061
	\$	109,676

**STATEMENT OF DUE TO CURRENT FUND
COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND**

Balance, January 1, 2024	\$	-
Increased by:		
Cash Disbursements Paid by Current Fund		61,719
		61,719
Decreased by:		
Cash Receipts Deposited in Current Fund		61,719
Balance, December 31, 2024	\$	-

**CITY OF SOUTH AMBOY
STATEMENT OF RESERVE FOR COMMUNITY DEVELOPMENT PROGRAMS
COMMUNITY DEVELOPMENT BLOCK GRANT TRUST FUND**

Balance, January 1, 2024	\$ 118,334
Increased by:	
Grant Awards	<u>53,061</u>
	171,395
Decreased by:	
Cash Disbursements Paid by Current Fund	<u>61,719</u>
Balance, December 31, 2024	<u>\$ 109,676</u>

GENERAL CAPITAL FUND

**CITY OF SOUTH AMBOY
STATEMENT OF CASH**

Balance, January 1, 2024		\$ 2,797,471
Increased by:		
Receipts from Current Fund	\$ 4,905,523	
Premium on Sale of Bonds and Bond Anticipation Notes	43,812	
Interest on Deposits	177,048	
Proceeds from Bond Sale	8,594,000	
Bond Anticipation Notes Issued	<u>5,000,000</u>	
		<u>18,720,383</u>
		21,517,854
Decreased by:		
Payments on Behalf of Current Fund	272,550	
Payments of Bond Anticipation Notes	<u>5,451,000</u>	
		<u>5,723,550</u>
Balance, December 31, 2024		<u>\$ 15,794,304</u>

**CITY OF SOUTH AMBOY
ANALYSIS OF GENERAL CAPITAL CASH**

	Balance, December 31, <u>2024</u>	Balance, December 31, <u>2023</u>
Grants Receivable - Net	\$ (14,946,617)	\$ (28,929,034)
Encumbrances Payable	18,375,918	36,114,194
Due to Current Fund	20,542	1,373
Reserve for Payment of Debt	121,740	151,428
Capital Improvement Fund	230,894	230,894
Excess Loan Proceeds	17,723	17,723
Fund Balance	272,561	231,391

<u>Ord. No.</u>	<u>Improvement Description</u>		
15-13	Refunding Bonds - Judgment and Insurance Assessments	-	38,736
14-07	Various Capital Improvements and Acquisition of Equipment	-	2,130
16-09	Various Capital Improvements	-	362,636
17-12	Various Capital Improvements	-	132
18-10	Various Capital Improvements	-	695,236
19-05	Various Capital Improvements	(84,081)	(2,158,418)
19-29	Demolition of Unsafe Structure	36,925	177,178
20-05	Various Capital Improvements	169,356	395,408
21-09	Various Capital Improvements	10,256	189,106
22-07	Various Capital Improvements	2,789	67,750
22-08	Acquisition of Equipment and Vehicles	-	172
23-10	Various Capital Improvements	(1,191,337)	(374,939)
23-13	Ferry Terminal Site Improvements	584,375	(4,415,625)
24-20	Various Capital Improvements	<u>1,814,494</u>	<u>-</u>
		<u>\$ 5,435,538</u>	<u>\$ 2,797,471</u>

**CITY OF SOUTH AMBOY
STATEMENT OF DUE TO CURRENT FUND**

Balance, January 1, 2024		\$ 1,373
Increased by:		
Cash Receipts from Current Fund	\$ 4,905,523	
Cash Disbursements made by Current Fund:		
Improvement Authorizations	19,476,831	
Interest on Investments	177,048	
Anticipated as Budget Revenue:		
Reserve to Pay Debt Service	<u>73,500</u>	
		<u>24,632,902</u>
		24,634,275
Decreased By:		
Interest on BANs paid on behalf of Current Fund	272,550	
Grant Receipts Deposited in Current Fund	<u>24,341,183</u>	
		<u>24,613,733</u>
Balance, December 31, 2024		<u>\$ 20,542</u>

EXHIBIT C-5

STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

Balance, January 1, 2024		\$ 11,275,230
Increased by:		
Bonds Issued Net of Premium		<u>8,220,000</u>
		19,495,230
Decreased by:		
Budget Appropriation to Pay:		
Bond Principal	\$ 1,295,000	
Loan Principal	<u>242,630</u>	
		<u>1,537,630</u>
Balance, December 31, 2024		<u>\$ 17,957,600</u>
	General Serial Bonds	16,885,000
	Middlesex County Improvement Authority Loans Payable	1,090,323
	Less: Excess Proceeds	<u>(17,723)</u>
		<u>\$ 17,957,600</u>

**CITY OF SOUTH AMBOY
STATEMENT OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ord. No.	Improvement Description	Decreased by			Balance, December 31, 2024	Bond Anticipation Notes	Analysis of Balance	
		Balance, January 1, 2024	Authorizations	Bond Proceeds			Expenditures	Unexpended Improvement Authorization
19-05	Various Capital Improvements	\$ 2,851,985		\$ 2,153,000	\$ 698,985		\$ 84,081	\$ 614,904
20-05	Various Capital Improvements	1,869,925	\$ (180,925)	1,689,000	-			-
21-09	Various Capital Improvements	2,292,925	(925)	2,292,000	-			-
21-11	Raritan Pump Station Replacement	1,000,000		-	1,000,000			1,000,000
22-07	Various Capital Improvements	2,460,706	(706)	2,460,000	-			-
23-10	Various Capital Improvements	2,818,217		-	2,818,217		1,191,337	1,626,880
23-13	Ferry Terminal Site Improvements	5,000,000		-	5,000,000	\$ 5,000,000	-	-
24-20	Various Capital Improvements	-	182,556	-	182,556	-	-	182,556
		<u>\$ 18,293,758</u>	<u>\$ -</u>	<u>\$ 8,594,000</u>	<u>\$ 9,699,758</u>	<u>\$ 5,000,000</u>	<u>\$ 1,275,418</u>	<u>\$ 3,424,340</u>
				Bond Proceeds	\$ 8,594,000			
				Less: Paid with Bond Premium	<u>374,000</u>			
				Serial Bonds Issued	<u>\$ 8,220,000</u>			
						Improvement Authorizations-Unfunded		\$ 4,008,715
						Less Unexpended Note Proceeds:		
						Ord. No. 23-03		<u>584,375</u>
						Unexpended Improvement Authorizations		<u>\$ 3,424,340</u>

**CITY OF SOUTH AMBOY
STATEMENT OF GRANTS RECEIVABLE**

Balance, January 1, 2024	\$	34,264,955
Decreased by:		
Cash Receipts Deposited in Current Fund	\$	24,341,183
Less: Transferred to Grant Advance		<u>(10,358,766)</u>
		<u>13,982,417</u>
Balance, December 31, 2024	\$	<u>20,282,538</u>

Analysis of Grants Receivable

DOT - John T. O'Leary Blvd. (Ord #19-05)	\$	148,885
DOT - So. Broadway & Pedestrian (Ord #20-05)		151,791
DOT - Feltus & 6th St. Phase 1 (Ord #21-09)		187,035
4th St, Potter St & Thompson St (Ord #23-10)		120,783
DOT Ferry Terminal - Federal (Ord #23-13)		2,044,079
DOT Ferry Terminal - State (Ord #23-13)		1,693,731
FTA Ferry Terminal (Ord #23-13)		5,300,000
Coronavirus State and Local Fiscal Recovery Funds -Ferry Terminal (Ord 23-13)		10,358,766
DOT - Feltus & 6th St. Phase 2 (Ord #22-07)		<u>277,468</u>
	\$	<u>20,282,538</u>

STATEMENT OF CAPITAL IMPROVEMENT FUND

Balance, December 31, 2024 and 2023	\$	<u>230,894</u>
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**CITY OF SOUTH AMBOY
STATEMENT OF IMPROVEMENT AUTHORIZATIONS**

Ord. No.	Improvement Description	Amount Appropriated	Balance, January 1, 2024		Improvement Authorizations	Paid or Charged	Encumbrances Payables Restored	Improvement Authorization Canceled	Balance, December 31, 2024	
			Funded	Unfunded					Funded	Unfunded
15-13	Refunding Bonds - Judgment and Insurance Assessments	\$ 785,000	\$ 38,736			\$ 3,394	\$ 3,394	\$ 38,736		
14-07	Various Capital Improvements and Acquisition of Equipment	113,000	2,130					2,130		
16-09	Various Capital Improvements	2,625,000	362,636		\$ (362,636)					
17-12	Various Capital Improvements	752,500	132			54,235	54,235	132		
18-10	Various Capital Improvements	3,110,000	695,236		(574,827)	120,409				
19-05	Various Capital Improvements	3,708,000		\$ 693,567		78,663				\$ 614,904
19-29	Demolition of Unsafe Structure	200,000	177,178			140,253		-	\$ 36,925	
20-05	Various Capital Improvements	3,804,314		576,333	(318,215)	99,260	10,498		169,356	
21-09	Various Capital Improvements	2,808,000		190,031	(148,832)	626,895	595,952		10,256	
21-11	Raritan Pump Station Replacement	1,000,000		1,000,000						1,000,000
22-07	Various Capital Improvements	3,247,600		1,058,456	(914,775)	401,093	260,201		2,789	
22-08	Acquisition of Equipment and Vehicles	640,000	172			635,013	635,013	172		
23-10	Various Capital Improvements	3,433,000		2,443,278		1,554,414	738,016			1,626,880
23-13	Ferry Terminal Site Improvements	35,378,993		584,375		33,816,885	33,816,885			584,375
24-20	Various Capital Improvements	2,319,285	-	-	2,319,285	322,235	-	-	1,814,494	182,556
			<u>\$ 1,276,220</u>	<u>\$ 6,546,040</u>	<u>\$ -</u>	<u>\$ 37,852,749</u>	<u>\$ 36,114,194</u>	<u>\$ 41,170</u>	<u>\$ 2,033,820</u>	<u>\$ 4,008,715</u>
					<u>\$ 2,136,729</u>					
					<u>182,556</u>					
					<u>\$ 2,319,285</u>		Fund Balance	<u>\$ 41,170</u>		
						\$ 19,476,831				
						<u>18,375,918</u>				
						<u>\$ 37,852,749</u>				

**CITY OF SOUTH AMBOY
STATEMENT OF ENCUMBRANCES PAYABLE**

Balance, January 1, 2024	\$ 36,114,194
Increased by:	
Charges to Improvement Authorizations	<u>18,375,918</u>
	54,490,112
Decreased by:	
Restored to Improvement Authorizations	<u>36,114,194</u>
Balance, December 31, 2024	<u>\$ 18,375,918</u>

**CITY OF SOUTH AMBOY
STATEMENT OF GENERAL SERIAL BONDS**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Maturity of Bonds Outstanding at December 31, 2024</u>		<u>Interest Rate</u>	<u>Balance, January 1, 2024</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, December 31, 2024</u>
			<u>Date</u>	<u>Amount</u>					
General Improvement Bonds	5/1/2010	\$ 7,920,000	5/1/2025	\$ 770,000	4.000	% \$ 1,545,000		\$ 775,000	\$ 770,000
General Improvement Bonds	4/18/2019	10,405,000	4/15/2025	490,000	5.000				
			4/15/2026	930,000	5.000				
			4/15/2027	925,000	4.000				
			4/15/2028	925,000	4.000				
			4/15/2029	925,000	4.000				
			4/15/2030	925,000	4.000				
			4/15/2031	925,000	3.000				
			4/15/2032	925,000	3.000				
			4/15/2033	925,000	3.000	8,415,000		520,000	7,895,000
General Improvement Bonds	8/1/2024	8,220,000	8/1/2025	50,000	4.000				
			8/1/2026	385,000	4.000				
			8/1/2027	385,000	4.000				
			8/1/2028	635,000	4.000				
			8/1/2029	645,000	4.000				
			8/1/2030	765,000	4.000				
			8/1/2031	765,000	5.000				
			8/1/2032	765,000	4.000				
			8/1/2033	765,000	4.000				
			8/1/2034	765,000	4.000				
			8/1/2035	765,000	4.000				
			8/1/2036	765,000	3.250				
			8/1/2037	765,000	3.500				
						-	\$ 8,220,000	-	8,220,000
						\$ 9,960,000	\$ 8,220,000	\$ 1,295,000	\$ 16,885,000
								\$ 1,295,000	

**CITY OF SOUTH AMBOY
STATEMENT OF MIDDLESEX COUNTY
IMPROVEMENT AUTHORITY LOANS PAYABLE**

Balance, January 1, 2024	\$ 1,332,953
Decreased by:	
Paid by Budget Appropriation	<u>242,630</u>
Balance, December 31, 2024	<u>\$ 1,090,323</u>

STATEMENT OF RESERVE FOR GRANTS RECEIVABLE

Balance, December 31, 2024 and 2023	<u>\$ 5,335,921</u>
-------------------------------------	---------------------

Analysis of Balance

Ferry Terminal (Ord # 23-13)	\$ 5,000,000
DOT - John T. O'Leary Blvd. (Ord #19-05)	148,885
DOT - Feltus & 6th St. Phase 1 (Ord #21-09)	<u>187,036</u>
	<u>\$ 5,335,921</u>

STATEMENT OF RESERVE FOR PAYMENT OF DEBT

Balance, January 1, 2024	\$ 151,428
Increased by:	
Premium on Sale of Bonds and Notes	<u>43,812</u>
	195,240
Decreased by:	
Anticipated as Current Fund Revenue	<u>73,500</u>
Balance, December 31, 2024	<u>\$ 121,740</u>

**CITY OF SOUTH AMBOY
STATEMENT OF BOND ANTICIPATION NOTES**

<u>Ordinance #</u>	<u>Improvement Description</u>	<u>Amount of Original Note</u>	<u>Date of Original Note</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance January 1, 2024</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance December 31 2024</u>
2020-05	Various Capital Improvements	\$ 1,689,000	6/30/2022	6/28/2023	6/28/2024	5.00%	\$ 1,689,000		\$ 1,689,000	
2021-09	Various Capital Improvements	2,665,000	6/30/2022	6/28/2023	6/28/2024	5.00%	2,292,000		2,292,000	
2022-07	Various Capital Improvements	5,451,000	6/28/2023	6/28/2023	6/28/2024	5.00%	1,470,000		1,470,000	
2023-13	Ferry Terminal Site Improvements	5,000,000	1/23/2024	1/25/2024	1/24/2025	4.00%	-	\$ 5,000,000	-	\$ 5,000,000
							<u>\$ 5,451,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,451,000</u>	<u>\$ 5,000,000</u>
								Notes Issued	\$ 5,000,000	
								Paid by Bond Sale Proceeds	-	\$ 5,451,000
									<u>\$ 5,000,000</u>	<u>\$ 5,451,000</u>

**CITY OF SOUTH AMBOY
STATEMENT OF GRANT ADVANCE**

Balance, January 1, 2024	\$ -
Increased by:	
Grant Receipts Transferred from Grants Receivable	<u>10,358,766</u>
Balance, December 31, 2024	<u>\$ 10,358,766</u>

**CITY OF SOUTH AMBOY
STATEMENT OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

<u>Ord. No.</u>	<u>Purpose</u>	Balance, January 1, <u>2024</u>	2024 <u>Authorization</u>	Notes <u>Issued</u>	Bonds <u>Issued</u>	Balance, December 31, <u>2024</u>
19-05	Various Capital Improvements	\$ 2,851,985			\$ 2,153,000	\$ 698,985
20-05	Various Capital Improvements	180,925	\$ (180,925)			-
21-09	Various Capital Improvements	925	(925)			-
21-11	Raritan Pump Station Replacement	1,000,000				1,000,000
22-07	Various Capital Improvements	990,706	(706)		990,000	-
23-10	Various Capital Improvements	2,818,217				2,818,217
23-13	Ferry Terminal Site Improvements	5,000,000		\$ 5,000,000		-
24-20	Various Capital Improvements	-	182,556	-	-	182,556
		<u>\$ 12,842,758</u>	<u>\$ -</u>	<u>\$ 5,000,000</u>	<u>\$ 3,143,000</u>	<u>\$ 4,699,758</u>

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY**

PART III

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2024



**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 Auditors' Report

**The Honorable Mayor and Members
of the City Council
City of South Amboy
South Amboy, 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 the audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey ("Division"), the regulatory basis financial statements of the City of South Amboy, New Jersey ("City") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 6, 2025 in which we expressed an adverse opinion on the conformity of the statements with accounting principles generally accepted in the United States of America due to the differences between those principles and the financial reporting provisions of the Division.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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.

**The Honorable Mayor and Members
of the City Council
City of South Amboy
South Amboy, New Jersey**

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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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 by the Division.

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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Woodcliff Lake, New Jersey
June 6, 2025

Gary W. Higgins, CPA
Registered Municipal Accountant, No. 405



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULES OF
EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY
THE UNIFORM GUIDANCE AND NJ OMB CIRCULAR 15-08**

INDEPENDENT AUDITORS' REPORT

**Honorable Mayor and Members
of the City Council
City of South Amboy
County of Middlesex, New Jersey**

Report on Compliance for Each Major Federal and State Program

Qualified and Unmodified Opinions

We have audited the City of South Amboy, New Jersey ("City") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement and New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the City's major federal and state programs for the year ended December 31, 2024. The City's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

In our opinion, except for the noncompliance described in the Basis for Qualified and Unqualified Opinions section of the report, the City complied, in all material respects, with the 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, 2024.

Basis for Qualified and Unqualified Opinions 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 ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey; 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 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

**Honorable Mayor and Members
of the City Council
City of South Amboy**

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We are required to be independent of the City 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 reasonable basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Coronavirus State and Local Fiscal Recovery Funds

As described in the accompanying schedule of findings and questioned costs, the City did not comply with the compliance requirements regarding Coronavirus State and Local Fiscal Recovery Funds as described in finding 2024-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

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, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal and state programs.

Auditors' Responsibility 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'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 GAAS, *Government Auditing Standards*, and the 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 omissions, misrepresentations, or the override of internal control. Non-compliance 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's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment 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'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'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 Uniform Guidance and New Jersey Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

**Honorable Mayor and Members
of the City Council
City of South Amboy**

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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.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2024-001 to be a material weakness.

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 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.

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

**Honorable Mayor and Members
of the City Council
City of South Amboy**

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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 requirements of the Uniform Guidance and NJ OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.

Woodcliff Lake, New Jersey
June 6, 2025

Gary W. Higgins, CPA
Registered Municipal Accountant, No. 405

CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Pass-Through Grantor/Cluster/Program Title	FEDERAL AL NUMBER	GRANT PERIOD		ALLOCATION OR GRANT AWARD AMOUNT	2024 RECEIPTS	2024 EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
		From	To				
U.S. Department of Housing and Urban Development: Direct Programs: CDBG - Entitlement Cluster: Community Development Block Grant/Entitlement Grants	14.218	Various	Completion	\$ 305,651	\$ 61,719	\$ 61,719	\$ -
Total U.S. Department of Housing and Urban Development					61,719	61,719	
U.S. Department of Homeland Security Pass-through NJ State Police COVID 19 - Law and Public Safety Grant (FEMA) Emergency Management Performance Grant - Non-terrorism	97.036 97.042	1/1/2024	Completion	10,000	10,000	70 10,000	
Total U.S. Department of Homeland Security					10,000	10,070	
U.S. Department of the Treasury: Pass-through NJ Division of the Treasury Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	3/3/2021	Completion	14,900,000	12,900,000	4,541,234	
Pass-through NJ Department of Community Affairs American Rescue Plan Firefighter Grant American Rescue Plan Firefighter Grant	21.027 21.027	3/5/2024 10/1/2022	Completion Completion	75,000 52,000	51,990 -	61,677 25,326	
					51,990	87,003	
Total U.S. Department of the Treasury					12,951,990	4,628,237	
U.S. Department of Transportation Pass-through NJ Department of Transportation Highway Planning and Construction - South Amboy Intermodal Center Ferry Terminal	20.205	7/8/2022	Completion	7,228,993	5,184,914	4,399,001	
Total U.S. Department of Transportation					5,184,914	4,399,001	
Total Federal Awards					\$ 18,208,623	\$ 9,099,027	\$ -

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2024

State Funding Department or Division	Program	State Account Number	Grant Period		Current Year Receipts	Expenditures
			From	To		
NJ Department of Environmental Protection:						
Direct:						
	Recycling Tonnage Grant	752-042-4900-001	1/1/2016	Completion	\$ 15,547	\$ 4,517
	Clean Communities Grant	765-042-4900-004	1/1/2021	Completion	21,636	7,004
Pass-through the County of Middlesex						
	Recycling Enhancement Grant				10,000	10,000
Total NJ Department of Environmental Protection					<u>47,183</u>	<u>21,521</u>
NJ Department of Human Services:						
Pass-through Governor's Council on Alcoholism and Drug Abuse through the County of Middlesex						
	DMHAS Youth Leadership Grant	Unavailable	9/1/2023	Completion	-	5,000
Total NJ Department of Human Services					<u>-</u>	<u>5,000</u>
NJ Department of Law and Public Safety:						
	Body Armor Grant	718-066-1020-001	1/1/2017	Completion	2,447	2,228
Total NJ Department of Law and Public Safety					<u>2,447</u>	<u>2,228</u>
NJ Department of Transportation						
	Highway Planning and Construction (Municipal Aid Program)	480-078-6320	Various	Various	6,256,269	7,950,000
Total NJ Department of Transportation					<u>6,256,269</u>	<u>7,950,000</u>
NJ Department of Community Affairs						
	Fire Station Capital 2024	2024-09075-0153-00	7/1/2023	6/30/2025	750,000	749,597
	Local Recreation Improvement Grant	Not Available	1/1/2024	Completion		43,504
	Municipal Alliance	100-082-2000-044-995120	Various	Completion	11,288	3,428
Total NJ Department of Community Affairs					<u>761,288</u>	<u>796,529</u>
Total State Financial Assistance					<u>\$ 7,067,187</u>	<u>\$ 8,775,278</u>

See Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY

NOTES TO SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2024

Note 1 - General:

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state award programs of the City of South Amboy. The City is defined in Note 1 of the financial statements. To the extent identified, the federal and state awards that passed through other governmental agencies is included on the schedules of expenditures of federal awards and state financial assistance.

Note 2 - Basis of Accounting:

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

Note 3 - Relationship to Financial Statements:

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements.

Note 4 - Relationship to Federal Reports:

Amounts reported in the accompanying schedules of expenditures of federal awards and state financial assistance agree with the amounts reported in the related federal and state financial reports, where required.

Note 5 – Indirect Cost Rate:

The City has elected not to use the ten percent de minimis indirect cost rate as allowed by the Uniform Guidance.

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Part I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified for Regulatory Basis

Internal control over financial reporting:

- 1) Material weakness(es) identified _____ Yes X No
- 2) Significant deficiency(ies) that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to the financial statements noted? _____ Yes X No

Federal Awards Section

Internal Control over major programs:

- 1) Material weakness(es) identified X Yes _____ No
- 2) Significant deficiency(ies) that are not considered to be material weakness(es) _____ Yes X None reported

Type of auditors' report issued on compliance for major programs Qualified and Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? X Yes _____ No

Identification of major federal programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds COVID-19
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

State Financial Assistance Section

Internal Control over major programs:

3) Material weakness(es) identified _____ Yes _____ X _____ No

4) Significant deficiency(ies) that are not considered to be material weakness(es)? _____ Yes X _____ None reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08?

_____ Yes _____ X _____ No

Identification of major state programs:

State Grant Number(s)

Name of State Program or Cluster

480-078-6320

Highway Planning and Construction (Municipal Aid Program)

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

_____ Yes X _____ No

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Part II – Schedule of Financial Statement Findings

None identified.

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Part III – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

Federal Awards

Assistance Listing # 21.027 Coronavirus State and Local Fiscal Recovery Funds – COVID 19

Finding 2024-001: MATERIAL WEAKNESS IN INTERNAL CONTROL AND COMPLIANCE - REPORTING

Criteria

In accordance with the Federal Uniform Guidance, the City is required to submit quarterly and annual reports that are in agreement with the amounts reflected in the City's financial statements.

Condition:

Our audit disclosed that the City filed for and received reimbursements for the City's ferry terminal site improvements project utilizing the same vendor invoices under both the Coronavirus State and Local Fiscal Recovery Funds grant and/or State of New Jersey Department of Transportation federal and state transportation grants.

Questioned Costs:

None through December 31, 2024 for the actual expenditures in the amount of \$4,541,234. Documentation for costs incurred for the balance of the grant drawdowns in advance in the amount of \$10,358,766 will be submitted to the grantor agency as costs are incurred. These costs will be subject to audit in the years ended December 31, 2025 and/or 2026.

Context:

Reimbursements were filed and received in advance from the Coronavirus State and Local Fiscal Recovery Funds in the amount of \$10,358,766 as a result of the same vendor invoices being provided to two grantor agencies. The City did not reflect these invoices as expended against the respective New Jersey Department of Transportation federal and state awarded grants.

Cause:

Both the City's consulting engineer and the City's administration requested grant reimbursements utilizing the same vendor invoices.

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Part III – Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

Federal Awards

Finding 2024-001: (Continued)

Effect:

The City has multiple federal and state grants to fully fund the construction of ferry terminal site improvements. The City filed for and received reimbursements for the same expenditures under three different grants administered by two different agencies. The City is eligible to receive the reimbursements under the Coronavirus State and Local Fiscal Recovery Funds grant for subsequent expenditures made by the City for additional eligible expenses and certain costs ineligible for reimbursement under the federal and/or state transportation grants. Therefore, eventually allowable costs must be submitted under the Coronavirus State and Local Fiscal Recovery Funds grant in 2025 to support the advanced reimbursements.

Recommendation:

The City should develop and implement internal controls over grant reimbursement requests to ensure that grant funded expenditures are reported and reimbursements are requested for only the appropriate grant.

Management's Response:

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

**CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

**Part III – Schedule of Federal Awards and State Financial Assistance Findings and
Questioned Costs - (Continued)**

State Financial Assistance – None Identified

CITY OF SOUTH AMBOY
MIDDLESEX COUNTY, NEW JERSEY

PART IV

ROSTER OF OFFICIALS
AND GENERAL COMMENTS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2024

CITY OF SOUTH AMBOY
OFFICIALS IN OFFICE AND SURETY BONDS
DECEMBER 31, 2024

<u>Name</u>	<u>Title</u>
Fred A. Henry	Mayor
Michael Gross	Council President
Brian McLaughlin	Councilman
Anthony Conrad	Councilman
Zusette Dato	Councilwoman
Thomas B. Reilly	Councilman
David Kales	Business Administrator
Daniel Balka	Chief Financial Officer
Deborah Brooks	Municipal Clerk
James Weber	Municipal Court Judge
Kelly Wolff	Court Administrator
Kristal Manion	Purchasing Agent/QPA
Joanne Katko	Tax Collector/Registrar
John E. Kawczynski	Municipal Prosecutor
Mark Rasimowicz	City Engineer
Francis M. Womack III	Director of Law
Greg Czoch	Construction Code Official/Building Inspector
Brian Enright	Tax Assessor
Joseph Matarangolo Jr.	Chief of Police
Laura Kemble	Payroll Clerk
Kathleen Garcia	Cashier/ Deputy Registrar
Jason Valetutto	Zoning Officer
Middlesex County Office of Fire Prevention	Fire Official

All employees were insured for employee theft in the amount of \$1,000,000 with the Central Jersey Joint Insurance Fund and Municipal Excess Liability Joint Insurance Fund

**CITY OF SOUTH AMBOY
GENERAL COMMENTS**

Contracts and Agreements Required to be Advertised per (N.J.S.A. 40A:11-4)

N.J.S.A. 40A:11-4, as amended, states “Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to (N.J.S.A. 40A:11-3c), except by contract or agreement.”

It is pointed out that the City Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the City Council should be sought before a commitment is made.

The bidding threshold for the period under audit is \$44,000 in accordance with the provisions of N.J.S.A. 40A:11-3c based on the appointment of a qualified purchasing agent.

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S.A. 40A:11-6.1)

N.J.S.A. 40A:11-6.1 states, “Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds fifteen percent of the bid threshold or \$6,600, at least two quotations as to the cost or price, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder.”

Reference is made to the Local Public Contract Guidelines and Local Public Contract Regulations promulgated by the New Jersey Division of Local Government Services in the Department of Community Affairs.

Collection of Interest on Delinquent Taxes and Other Municipal Charges

N.J.S.A. 54:4-47, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body adopted the following resolution on January 3, 2024 authorizing interest to be charged on delinquent taxes, assessments and utility bills:

“BE IT RESOLVED by the City Council of South Amboy that in accordance with R.S. 54:4-67 the interest rate on delinquent 2024 taxes shall be as follows:

1. Eight percent (8%) per annum on the first \$1,500 of the delinquency
2. Eighteen percent (18%) per annum in the excess of \$1,500

BE IT FURTHER RESOLVED that no interest shall be charged until ten (10) days after the due date or the first business day after the (10) tenth calendar day if the 10th is on a weekend.

Tests of the Tax Collector’s records indicate that interest was collected in accordance with the provisions of the foregoing ordinance.

Delinquent Taxes and Tax Title Liens

The last tax sale was held via the internet on December 19, 2024.

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>
2024	1
2023	0
2022	0

Revenues

Receipts from licenses, fees, fines and costs, etc., for all departments, including the Municipal Court, were checked to the records maintained to the extent deemed necessary. No exceptions were noted.

Purchase Order System and Encumbrance System

The Township's budgetary operation is on a full encumbrance system with the exception of payrolls and other direct costs. All purchases are made directly by the purchasing department or subsequently confirmed on an emergency basis. Tests of the system disclosed no exceptions during 2024. Blanket orders and other outstanding encumbrances were reviewed at the close of the year, and adjustments and cancellations were made where appropriate to reflect actual commitments outstanding for budgetary control

Current Year Findings

Finding – The audit of accrued sick leave records for certain part-time employees indicated sick leave records were not properly maintained for actual hours accrued based upon hours worked in accordance with the City's Sick Leave Administrative Policy.

Recommendation – It is recommended that accrued sick leave records for part-time employees be properly maintained in accordance with the City's Sick Leave Administrative Policy.

Finding – The City prepared bid specifications, advertised and awarded a contract for the Ferry Terminal Site Improvements Project that exceeded the threshold of \$12.5 million as required by the New Jersey Office of the State Comptroller. The City did not submit bid specifications with the pre-advertisement notice prior to advertisement and bid award documentation with the post-award notice as required.

Recommendation – It is recommended that all required forms be submitted, for all contracts that exceed the thresholds established, to the New Jersey Office of the State Comptroller.

Status of Prior Years' Audits Recommendations

None in prior year.

Miscellaneous

A separate report summarizing collections of Dog License Fees and remittances of State Registration Fees was also prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

A separate report on the operations of the Uniform Construction Code office was also prepared and filed with the New Jersey Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on the basis of a statistical sampling of claims approved and paid. No attempt was made in this connection to establish proof of prices or receipts of materials; these elements being left necessarily to internal review in connection with approval of claims.

The propriety of deductions from employees' individual gross salaries for pensions, withholding tax, social security and other purposes was not verified as part of this examination. Remittance to authorized agencies of the amounts deducted were ascertained.

A copy of this report was filed with the State of New Jersey, Director of the Division of Local Government Services, Department of Community Affairs.

A summary or synopsis of this report was prepared for publication and filed with the City Clerk.

RECOMMENDATIONS

It is recommended that:

1. The City should develop and implement internal controls over grant reimbursement requests to ensure that grant funded expenditures are reported and reimbursements are requested for only the appropriate grant.
2. Accrued sick leave records for part-time employees be properly maintained in accordance with the City's Sick Leave Administrative Policy.
3. All required forms be submitted, for all contracts that exceed the thresholds established, to the New Jersey Office of the State Comptroller.

We shall be pleased to confer with the Mayor and City Council on questions that might arise with respect to any matters in this report.

We would like to express our appreciation for the assistance and effort rendered by the City officials and employees during the course of the examination.

Respectfully submitted,

Woodcliff Lake, New Jersey
June 6, 2025

Gary W. Higgins, CPA
Registered Municipal Accountant, No. 405