

BOROUGH OF FOLSOM

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

BOROUGH OF FOLSOM

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BOROUGH OF FOLSOM

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BOROUGH OF FOLSOM

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2023

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of Borough Council
Borough of Folsom
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Folsom, as of December 31, 2023 and 2022, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Borough of Folsom as of December 31, 2023 and 2022, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2023 and 2022, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

We conducted our audit 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 and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Borough of Folsom 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 Borough of Folsom on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division of Local Government Services 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 an 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 judgement made by a reasonable user based on the financial statements.

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Folsom'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 Borough of Folsom's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Folsom basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2024, on our consideration of the Borough of Folsom'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 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 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 Borough of Folsom's internal control over financial reporting and compliance.

Ford, Scott & Associates, L.L.C.

**FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS**

Harvey C. Coccozza, Jr.

**Harvey C. Coccozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551**

May 10, 2024

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EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2023	2022
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Treasurer	\$ 725,989.29	883,113.55
Petty Cash	100.00	100.00
Total Cash	726,089.29	883,213.55
Other Receivables:		
Due from State - Senior Citizens and Veterans	1,560.90	1,921.45
Total Other Receivables	1,560.90	1,921.45
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	81,097.13	58,178.84
Tax Title and Other Liens	41,680.23	37,223.76
Property Acquired for Taxes - at Assessed Valuation	694,200.00	668,000.00
Property Deeded	101,200.00	111,800.00
Interfund Receivable:		
General Capital Fund	164,000.00	209,000.00
Total Receivables and Other Assets	1,082,177.36	1,084,202.60
Total Regular Fund	1,809,827.55	1,969,337.60
Federal and State Grant Fund:		
Federal and State Grants Receivable	392,724.26	136,250.92
Due from Regular Fund	26,795.44	274,374.79
Total Federal and State Grant Fund	419,519.70	410,625.71
Total Current Fund	\$ 2,229,347.25	2,379,963.31

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2023</u>	<u>2022</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 53,645.27	48,274.08
Encumbrances Payable/Accounts Payable	48,521.22	47,626.25
Prepaid Taxes	48,769.42	57,201.14
Due to Grant Fund	26,795.44	274,374.79
Due to State of New Jersey		
Marriage License	150.00	-
Local School Tax Payable	8,929.50	-
County Added Tax Payable	4,059.80	1,579.58
Other		
Reserve for State Aid Payments	19,409.90	9,706.76
Reserve for JIF Safety Funds	-	4,514.94
	<u>210,280.55</u>	<u>443,277.54</u>
Reserve for Receivables and Other Assets	1,082,177.36	1,084,202.60
Fund Balance	<u>517,369.64</u>	<u>441,857.46</u>
Total Regular Fund	<u>1,809,827.55</u>	<u>1,969,337.60</u>
Federal and State Grant Fund:		
Unappropriated Reserves	-	95,716.21
Appropriated Reserves	360,179.70	16,848.35
Encumbrances Payable	<u>59,340.00</u>	<u>298,061.15</u>
Total Federal and State Grant Fund	<u>419,519.70</u>	<u>410,625.71</u>
Total Current Fund	<u>\$ 2,229,347.25</u>	<u>2,379,963.31</u>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2023	2022
Revenue and Other Income Realized		
Fund Balance	\$ 230,000.00	170,000.00
Miscellaneous Revenue Anticipated	1,076,169.62	652,731.69
Receipts from Delinquent Taxes	57,258.69	101,219.16
Receipts from Current Taxes	3,797,534.76	3,723,069.59
Non Budget Revenue	24,126.50	30,790.45
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	57,807.83	65,310.52
Interfund Returned	45,000.00	-
Cancellation of Prior Year Liability	304.39	382.96
Sale of Municipal Assets	2,000.00	11,667.82
Sale of Foreclosed Property	68,700.00	4,000.00
	<u>5,358,901.79</u>	<u>4,759,172.19</u>
 Total Income		
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	307,820.00	311,610.00
Other Expenses	604,388.00	545,046.00
Deferred Charges & Statutory Expenditures	65,925.00	63,228.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	27,250.00	-
Other Expenses	600,471.77	158,968.63
Capital Improvements	271,640.00	290,000.00
Municipal Debt Service	34,562.00	34,562.00
Deferred Charges & Statutory Expenditures	36,570.00	40,998.80
Local District School Tax	2,095,128.00	1,990,537.77
County Tax	1,005,575.04	957,818.48
County Share of Added Tax	4,059.80	1,579.58
Interfund Created	-	14,000.00
	<u>5,053,389.61</u>	<u>4,408,349.26</u>
 Total Expenditures		
Excess in Revenue	<u>305,512.18</u>	<u>350,822.93</u>

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**CURRENT FUND
 COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
 IN FUND BALANCE - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31,**

	2023	2022
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	305,512.18	350,822.93
Fund Balance January 1	441,857.46	261,034.53
	747,369.64	611,857.46
Decreased by:		
Utilization as Anticipated Revenue	230,000.00	170,000.00
Fund Balance December 31	\$ 517,369.64	441,857.46

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Fund Balance Anticipated	\$ 230,000.00		230,000.00	
Total Fund Balance Anticipated	230,000.00	-	230,000.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Interest on Investments and Deposits	5,000.00		7,426.03	2,426.03
Interest and Costs on Taxes	18,000.00		20,116.49	2,116.49
Total Section A: Local Revenues	23,000.00	-	27,542.52	4,542.52
Section B: State Aid Without Offsetting Appropriations				
Municipal Relief Aid	9,707.00		9,707.00	-
Energy Receipts Tax	187,368.00		187,368.00	-
Total Section B: State Aid Without Offsetting Appropriations	197,075.00	-	197,075.00	-
Section D: Special Items of General Revenue Anticipated with Prior Written Consent of the Director of Local Government Services				
Shared Service Agreements Offset with Appropriations:				
Shared Service Agreement - Chief Financial Officer	27,250.00		27,250.00	-
Total Section D: Special Items of General Revenue Anticipated with Prior Written Consent of the Director of Local Government Services	27,250.00	-	27,250.00	-
Shared Service Agreements Offset with Appropriations:				

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant		2,785.50	2,785.50	
Clean Communities Program		7,309.71	7,309.71	
Local Recreation Improvement Grant		50,000.00	50,000.00	
Stormwater Management Grant		25,000.00	25,000.00	
CLRF/ARP Grant	95,716.21		95,716.21	
Municipal Alliance on Alcoholism & Drug Abuse	5,850.68		5,850.68	
Community Development Block Grant	45,000.00		45,000.00	
N.J. Transportation Trust Fund Authority Act	261,640.00		261,640.00	
N.J. Transportation Bikeway Program Grant	331,000.00		331,000.00	
Total Section F: Special Items - Public and Private Programs	739,206.89	85,095.21	824,302.10	-
Off-Set with Appropriations				
Total Miscellaneous Revenues:	986,531.89	85,095.21	1,076,169.62	4,542.52
Receipts from Delinquent Taxes	70,000.00		57,258.69	(12,741.31)
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	772,212.24		887,983.49	115,771.25
Total Amount to be Raised by Taxes for Support of Municipal Budget	772,212.24	-	887,983.49	115,771.25
Budget Totals	2,058,744.13	85,095.21	2,251,411.80	107,572.46
Non- Budget Revenues:				
Other Non- Budget Revenues:	-		24,126.50	24,126.50
\$	2,058,744.13	85,095.21	2,275,538.30	131,698.96

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	3,797,534.76
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Allocated to:

School, County and Other Taxes		<u>3,104,762.84</u>
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Balance for Support of Municipal Budget Appropriations		692,771.92
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		<u>195,211.57</u>
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Amount for Support of Municipal Budget Appropriations		<u><u>887,983.49</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection		57,258.69
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Tax Title Lien Collections		<u>-</u>
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Total Receipts from Delinquent Taxes		<u><u>57,258.69</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Zoning and Planning Fees		1,980.00
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Misc. Fees & Licenses		3,865.76
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Cable Franchise Fees		10,738.33
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Recycling Fees		900.00
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Vacant Property Registration		3,750.00
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Recreation Field Usage		2,145.00
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Miscellaneous Other		<u>747.41</u>
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		<u>24,126.50</u>
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Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>24,126.50</u></u>
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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Borough Council	\$ 22,000.00	22,000.00	21,900.00		100.00	
Salaries and Wages	1,800.00	1,800.00	991.27		808.73	
Other Expenses						
Municipal Clerk	87,500.00	87,500.00	87,343.85		156.15	
Salaries and Wages	23,200.00	24,200.00	23,150.41		1,049.59	
Other Expenses						
Financial Administration	18,200.00	18,200.00	18,188.14		11.86	
Salaries and Wages	14,000.00	14,000.00	10,318.04	2,735.50	946.46	
Other Expenses	19,500.00	19,500.00	19,500.00		-	
Audit Service						
Tax Assessment Administration	17,400.00	17,400.00	17,399.48		0.52	
Salaries and Wages	5,050.00	5,050.00	3,847.82		1,202.18	
Other Expenses						
Collection of Taxes	15,600.00	15,600.00	15,600.00		-	
Salaries and Wages	7,000.00	7,600.00	7,251.50	129.99	218.51	
Other Expenses						
Legal Services and Costs	35,000.00	35,000.00	29,766.00	2,000.00	3,234.00	
Other Expenses						
Engineering Services and Costs	15,000.00	10,000.00	3,235.00	6,765.00	-	
Other Expenses						
Historical Society	1,000.00	1,000.00	1,000.00		-	
Other Expenses						
Planning Board	5,920.00	5,920.00	5,918.41		1.59	
Salaries and Wages	5,000.00	4,000.00	2,007.26	1,540.34	452.40	
Other Expenses						
Insurance						
General Liability	24,200.00	24,200.00	24,200.00		-	
Worker's Compensation	32,300.00	30,100.00	29,949.00		151.00	
Employee Group Insurance	55,032.00	55,032.00	53,271.22	1,760.78	-	
Health Benefits Waiver	8,200.00	5,700.00	4,999.80		700.20	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY						
Office of Emergency Management						
Salaries and Wages	3,500.00	3,500.00	3,500.00	-		
Other Expenses	200.00	200.00	72.51	127.49		
STREETS AND ROADS						
Streets and Road Maintenance						
Salaries and Wages	145,000.00	132,000.00	114,018.64	17,981.36		
Other Expenses	25,000.00	26,000.00	25,046.68	686.32		
Reserve for Snow Removal	1.00	7,001.00	7,000.00	1.00		
Solid Waste Collection						
Other Expenses	118,505.00	118,505.00	106,789.14	11,034.76	681.10	
Public Building and Grounds						
Other Expenses	20,000.00	22,000.00	20,216.74	1,620.00	163.26	
Vehicle Maintenance	17,000.00	17,000.00	14,575.52	500.00	1,924.48	
SANITATION						
Landfill & Solid Waste Disposal Costs						
Other Expenses	75,000.00	75,000.00	62,368.20	8,463.63	4,168.17	
HEALTH AND WELFARE						
Animal Control Services						
Other Expenses	6,600.00	6,600.00	6,600.00	-		
Environmental Commission						
Other Expenses	600.00	600.00	257.50	342.50		
RECREATION AND EDUCATION						
Recreation Services and Programs						
Other Expenses	5,000.00	6,500.00	5,449.87	1,050.13		
Parks Commission						
Other Expenses	3,500.00	3,500.00		3,500.00		

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITIES						
Electricity & Natural Gas	62,000.00	71,000.00	61,692.76	5,455.46	3,851.78	
Telecommunications Costs	8,000.00	9,000.00	8,696.26	8.82	294.92	
Petroleum Products	10,000.00	10,000.00	7,435.45	2,271.94	292.61	
TOTAL OPERATIONS WITHIN "CAPS"	912,808.00	912,208.00	823,556.47	44,553.22	44,098.31	-
Contingent	-	-	-	-	-	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	912,808.00	912,208.00	823,556.47	44,553.22	44,098.31	-
Detail:						
Salaries and Wages	323,320.00	307,820.00	288,868.32	-	18,951.68	
Other Expenses	589,488.00	604,388.00	534,688.15	44,553.22	25,146.63	
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
none						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	39,825.00	39,825.00	39,825.00		-	
Social Security System (O.A.S.I.)	25,000.00	25,000.00	23,386.28		1,613.72	
Unemployment Compensation	500.00	500.00			500.00	
Defined Contribution Retirement Program		600.00	376.49		223.51	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	65,325.00	65,925.00	63,587.77	-	2,337.23	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	978,133.00	978,133.00	887,144.24	44,553.22	46,435.54	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Health Contributions	3,968.00	3,968.00	(927.44)	3,968.00	927.44	
PERS Contributions	1,424.00	1,424.00	1,424.00	-	-	
Solid Waste Removal	455.00	455.00			455.00	
TOTAL OTHER OPERATIONS - EXCLUDED FROM "CAPS"	5,847.00	5,847.00	496.56	3,968.00	1,382.44	-
Interlocal Municipal Service Agreements						
Police Dispatch	12,000.00	12,000.00	11,499.56		500.44	
Fire Services	18,500.00	18,500.00	18,500.00	-	-	
Chief Financial Officer	27,250.00	27,250.00	21,923.15		5,326.85	
TOTAL SHARED SERVICE AGREEMENTS	57,750.00	57,750.00	51,922.71	-	5,827.29	-
(A) Public and Private Programs Off-Set by Revenues						
Clean Communities Program Grant		7,309.71	7,309.71			
Community Development Block Grant	45,000.00	45,000.00	45,000.00			
Sustainable New Jersey		-	-			
Municipal Alliance on Alcoholism and Drug Abuse						
State Match	5,850.68	5,850.68	5,850.68			
Local Match	1,462.67	1,462.67	1,462.67			
Recycling Tonnage Grant		2,785.50	2,785.50			
Local Recreation Improvement Grant		50,000.00	50,000.00			
CLRF/ARM Grant	95,716.21	95,716.21	95,716.21			
Stormwater Management Grant		25,000.00	25,000.00			
USRDA Boom Lift		-	-			
New Jersey Transportation Bikeways Program Grant	331,000.00	331,000.00	331,000.00			
Total Public and Private Programs Off-Set by Revenues	479,029.56	564,124.77	564,124.77	-	-	-
Total Operations - Excluded from "CAPS"						
Detail:	542,626.56	627,721.77	616,544.04	3,968.00	7,209.73	
Salaries and Wages	27,250.00	27,250.00	21,923.15	-	5,326.85	
Other Expenses	515,376.56	600,471.77	594,620.89	3,968.00	1,882.88	
(C) Capital Improvements						
Capital Improvement Fund	10,000.00	10,000.00	10,000.00			
New Jersey Transportation Trust Fund Authority Act	261,640.00	261,640.00	261,640.00			

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
Total Capital Improvements	271,640.00	271,640.00	271,640.00	-	-
(D) Debt Service					
Payment of Bond Principal	28,746.00	28,746.00	28,746.00		-
Interest on Bonds	5,817.00	5,817.00	5,816.00		1.00
Total Debt Service	34,563.00	34,563.00	34,562.00	-	1.00
(E) Deferred Charges					
Special Emergency Authorizations - 3 Years	-	-			-
Deferred Charge to Future Taxation Unfunded Ordinance #6-2020	36,570.00	36,570.00	36,570.00		-
Total Deferred Charges	36,570.00	36,570.00	36,570.00	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	885,399.56	970,494.77	959,316.04	3,968.00	1.00
SUBTOTAL GENERAL APPROPRIATIONS	1,863,532.56	1,948,627.77	1,846,460.28	48,521.22	1.00
(M) Reserve for Uncollected Taxes	195,211.57	195,211.57	195,211.57		
TOTAL GENERAL APPROPRIATIONS	\$ 2,058,744.13	2,143,839.34	2,041,671.85	48,521.22	1.00
Budget Appropriations by 40A.4-87		2,058,744.13			
		85,095.21			
		<u>2,143,839.34</u>			
Reserve for Uncollected Taxes Federal and State Grants			195,211.57		
Deferred Charges			825,764.77		
Disbursements			-		
			1,020,695.51		
			<u>2,041,671.85</u>	53,645.27	

EXHIBIT B - TRUST FUND

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**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2023	2022
ASSETS		
Animal Control Fund:		
Cash	\$ 521.85	810.40
	521.85	810.40
Length of Service Award Program (LOSAP)		
Investments	88,922.80	75,409.97
	88,922.80	75,409.97
Other Funds:		
Cash - Treasurer	192,822.78	195,068.84
Small Cities Loans Receivable	132,014.68	132,014.68
	324,837.46	327,083.52
	\$ 414,282.11	403,303.89

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2023	2022
LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Reserve for Expenditures	\$ 521.85	810.40
	521.85	810.40
Length of Service Award Program (LOSAP)		
Net Assets Available for Benefits	88,922.80	75,409.97
Other Funds:		
Reserve for Receivables - Small Cities Loans	132,014.68	132,014.68
Reserves - Miscellaneous	192,822.78	195,068.84
	324,837.46	327,083.52
	\$ 414,282.11	403,303.89

The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

EXHIBIT C - CAPITAL FUND

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**GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Cash	\$ 2,375.05	805.05
Deferred Charges to Future Taxation -		
Funded	94,577.00	123,323.00
Unfunded	<u>378,012.32</u>	<u>414,582.32</u>
	<u>474,964.37</u>	<u>538,710.37</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Serial Bonds Payable	94,577.00	123,323.00
Contracts Payable	-	31,850.00
Interfund Payable:		
Due to Current Fund	164,000.00	209,000.00
Improvement Authorizations:		
Funded	39,972.70	13,022.70
Unfunded	131,844.71	126,944.71
Capital Improvement Fund	27,090.49	17,090.49
Fund Balance	17,479.47	17,479.47
	<u>\$ 474,964.37</u>	<u>538,710.37</u>

There were bonds and note authorized but not issued at December 31,

2022	414,582.32
2023	378,012.32

**GENERAL CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
Beginning Balance January 1	\$ 17,479.47	17,479.47
Decreased by:		
Appropriated in Budget	<u> </u>	<u> -</u>
Ending Balance December 31	\$ <u>17,479.47</u>	<u>17,479.47</u>

EXHIBIT G - GENERAL FIXED ASSETS ACCOUNT GROUP

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**STATEMENT OF GENERAL FIXED ASSETS
DECEMBER 31,
REGULATORY BASIS**

	<u>2023</u>	<u>2022</u>
General Fixed Assets:		
Land	\$ 213,600.00	213,600.00
Buildings and Improvements	818,930.00	818,930.00
Vehicles	297,293.00	297,293.00
Furniture, Fixtures and Equipment	619,866.24	510,457.48
	<u>1,949,689.24</u>	<u>1,840,280.48</u>
 Investment in General Fixed Assets	 \$ <u>1,949,689.24</u>	 <u>1,840,280.48</u>

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NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough of Folsom was incorporated in 1906 and is located in Southern New Jersey in Atlantic County. The population estimate by the US Department of Census as of July 2020 is 1,610. The Borough provides to its citizens the following services: recreation, public improvements, planning and zoning and general administrative services.

The Borough of Folsom is governed by a Mayor and a six-member Borough Council. The Mayor is the chief executive officer and Council is the legislative body of the Borough. The Mayor is elected to a four-year term and the six Borough Council members are elected to three-year terms. The Borough Clerk monitors the daily administrative responsibilities.

The financial statements of the Borough of Folsom include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the Borough of Folsom, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the Borough is financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organization; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the Borough is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Borough in that the Borough approves the budget, the issuance of debt or the levying of taxes. The Borough of Folsom had no component units as defined by Governmental Accounting Standards Board (GASB).

B. Description of Funds

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

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

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

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

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from accounting principles generally accepted in the United States of America applicable to local governmental units. The more significant policies in New Jersey follow.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Revenues -- are recorded as received in cash except for certain amounts which are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the Borough budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the Borough which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

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 the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis. Compensated absences are reported on a pay as you go basis and no accrual or expenditure is reported as the absences are earned.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

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.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories is not included on the various balance sheets.

General Fixed Assets -- The Borough of Folsom has developed a fixed assets accounting and reporting system in accordance with the requirements of the State of New Jersey, Division of Local Government Services. This reporting system differs in certain respects from Generally Accepted Accounting Principles.

As required by New Jersey Statutes, foreclosed property is reported in the current operating fund of the municipality.

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 drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$5,000 are capitalized except for computer equipment which is capitalized regardless of cost.

No depreciation has been provided for in the financial statements.

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

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Interest on Delinquent Taxes – It is the policy of the Borough to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency.

Capitalization of Interest -- It is the policy to the Borough of Folsom to treat interest on projects as a current expense and the interest is included in the current operating budget.

Use of Estimates -- The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D Required Financial Statements

The State of New Jersey requires the following financial statements to be presented for each fund on the regulatory basis of accounting: Balance Sheet, Statement of Operations and Changes in Fund Balance, Statement of Revenue and Statement of Expenditures. These statements differ from those presented under Generally Accepted Accounting Principles, which requires a Statement of Net Position and Statement of Activities in addition to the fund financial statements.

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Borough's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenues-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

F. Recent Accounting Pronouncements Not Yet Effective

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62". This statement is effective for fiscal years beginning after June 15, 2023 and will not have any effect on the Borough's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement is effective for fiscal years beginning after December 15, 2023 and will not have any effect on the Borough's financial reporting.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

In December 2023, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, "Certain Risk Disclosures". This statement is effective for fiscal years beginning after June 15, 2024 and will not have any effect on the City's financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2023 and 2022 statutory budgets included a reserve for uncollected taxes in the amount of \$195,211.57 and \$192,900.64. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2023 and 2022 statutory budgets was \$230,000.00 and \$170,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by Borough Council. The following significant budget transfers were approved in the 2023 and 2022 calendar years.

	<u>2023</u>	<u>2022</u>
Engineering Services and Costs – OE	(\$5,000)	-
Electricity & Natural Gas	9,000	-
Employee Group Insurance		7,000
Reserve for Snow Removal	7,000	-
Streets & Roads – S&W	(13,000)	-

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2023 calendar year, Borough Council approved total budget insertions in the amount of \$85,095.21. Borough Council approved total budget insertions in the amount of \$14,259.45 during the 2021 calendar year. The following schedule details the significant budget insertions:

<u>Budget Category</u>		<u>2023</u>	<u>2022</u>
Clean Communities	\$	7,309.71	6,517.18
Recycling Tonnage		2,785.50	2,742.27
Sustainable New Jersey		-	5,000.00
Local Recreation Improv.		50,000.00	-
Stormwater Management		25,000.00	-

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. No emergency authorizations were approved by Borough Council during 2023 and 2022.

Note 3: INVESTMENTS

As of December 31, 2023 and 2022, the municipality had no investments other than in the Length of Service Award Program (LOSAP).

Interest Rate Risk. The municipality 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

Credit Risk. New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk. The municipality places no limit on the amount the Borough may invest in any one issuer.

As more fully described in Note 21, the Borough has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et. seq. except that all investments are retained in the name of the Borough. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by Lincoln Financial Group, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2023 and 2022 amounted to \$88,922.80 and \$75,409.97.

The following investments represent 5% or more of the total invested with Lincoln Financial Advisors as of December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
American Funds Growth Fund	\$ 10,735.84	7,836.89
Fixed	21,956.62	21,275.48
L VIP SSgA S&P 500 Index Fund	35,797.35	28,770.25
L VIP T Rowe Price Structured Mid Cap Growth	10,200.49	8,509.95
All Others	10,232.50	9,017.40
Total	\$ <u>88,922.80</u>	<u>75,409.97</u>

Note 4: CASH

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 municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2023 and 2022 \$0 of the municipality's bank balance of \$1,079,897.84 and \$1,081,465.43 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 5: FIXED ASSETS

The following schedule is a summarization of the changes in general fixed assets for the calendar years ended December 31, 2023 and 2022.

	Balance as of <u>12/31/21</u>	<u>Additions/ Adjustments</u>	<u>Disposals/ Adjustments</u>	Balance as of <u>12/31/22</u>
Land	\$ 213,600.00			213,600.00
Buildings and Improvements	818,930.00			818,930.00
Furniture, Fixtures & Equipment	580,916.45	29,999.00	100,457.97	510,457.48
Vehicles	332,845.00		35,552.00	297,293.00
Total	<u>1,946,291.45</u>	<u>29,999.00</u>	<u>136,009.97</u>	<u>1,840,280.48</u>

	Balance as of <u>12/31/22</u>	<u>Additions/ Adjustments</u>	<u>Disposals/ Adjustments</u>	Balance as of <u>12/31/23</u>
Land	213,600.00			213,600.00
Buildings and Improvements	818,930.00			818,930.00
Furniture, Fixtures & Equipment	510,457.48	109,408.76		619,866.24
Vehicles	297,293.00			297,293.00
Total	<u>\$ 1,840,280.48</u>	<u>109,408.76</u>		<u>1,949,689.24</u>

Note 6: LONG TERM DEBT

Summary of Municipal Debt

Long-term debt as of December 31, 2023 and 2022 consisted of the following:

	Balance 12/31/21	Additions	Payments	Balance 12/31/22	Due in One Year
General	\$ 150,684.00		27,361.00	123,323.00	28,745.00
Comp Absences	3,727.44	11,857.71	12,511.69	3,073.46	0.00
	<u>154,411.44</u>	<u>11,857.71</u>	<u>39,872.69</u>	<u>126,396.46</u>	<u>28,745.00</u>

	Balance 12/31/22	Additions	Payments	Balance 12/31/23	Due in One Year
General	123,323.00		28,746.00	94,577.00	30,201.00
Comp Absences	3,073.46	13,638.07	13,279.28	3,432.25	0.00
	<u>\$ 126,396.46</u>	<u>13,638.07</u>	<u>42,025.28</u>	<u>98,009.25</u>	<u>30,201.00</u>

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the Borough:

\$534,000 General Improvement Bond with the United States Department of Agriculture, Rural Economic and Community Development with a balance due on December 31, 2023 and 2021 of \$94,577 and \$123,323. This loan is payable in semi-annual installments of \$17,281 beginning on July 18, 1997 and continuing through July 18, 2026. Interest is calculated at 5% and is included in the semi-annual installments. This method of calculating interest, as well as semi-annual principal payments, is not in conformance with New Jersey Statutes. The Borough has received approval from the Local Finance Board to use this method of interest calculation for this issue.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Year Ending December 31,	Principal	Interest	Total
2024	30,200.69	4,361.31	34,652.00
2025	31,729.60	2,832.40	34,652.00
2026	32,646.97	1,231.26	33,878.23
2027	-	-	-
2028	-	-	-
Total	<u>\$ 94,577.26</u>	<u>8,424.97</u>	<u>103,002.23</u>

As of December 31, 2023, the carrying value of the above bonds approximates the fair value of the bonds.

<u>Summary of Municipal Debt</u>	<u>Year 2023</u>	<u>Year 2022</u>	<u>Year 2021</u>
Bonds & Notes Issued	\$ 94,577.00	123,323.00	150,684.00
Bonds & Notes Authorized But Not Issued	<u>378,012.32</u>	<u>414,582.32</u>	<u>451,152.32</u>
Net Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 472,589.32</u>	<u>537,905.32</u>	<u>601,836.32</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.234%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
School Debt	\$ 4,034,000.00	4,034,000.00	0.00
General Debt	<u>472,589.36</u>	<u>0.00</u>	<u>472,589.36</u>
	<u>\$ 4,506,589.36</u>	<u>4,034,000.00</u>	<u>472,589.36</u>

Net Debt \$472,589.36 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$202,147,421.00 = 0.234%.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3&1/2% of Equalized Valuation Basis	\$ 7,075,159.73
(Municipal) Net Debt	<u>472,589.36</u>
Remaining Borrowing Power	<u>\$ 6,602,570.37</u>

The above information is in agreement with the Annual Debt Statement filed by the Borough of Folsom.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Note 7: BOND ANTICIPATION NOTES

The Borough of Folsom had no outstanding notes at December 31, 2023. A bond ordinance was approved in 2012 for various general improvements which authorized debt of \$365,700. A bond ordinance was approved in 2020 for equipment and road improvements which authorized debt of \$436,000. It is the Borough's intent to pay off the authorized debt through the Local Municipal Budget over ten years. The remaining authorized debt at December 31, 2023 and 2022 was \$378,012.32 and \$414,582.32, respectively.

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2023 and 2022 which were appropriated and included as anticipated revenue in the current operating budget for the year ending December, 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Current Fund	\$ 260,000.00	230,000.00

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans Deductions, deferred charges, and cash deficit. The total amount of fund balance available to the Borough to appropriate in the 2024 budget is \$515,808.74 and \$439,936.01 in 2023.

Note 9: SCHOOL TAXES

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	Local District School Tax	
	Balance	Balance
	<u>12/31/23</u>	<u>12/31/22</u>
Balance of Tax	\$ 1,047,562.73	1,038,633.23
Deferred	1,038,633.23	1,038,633.23
Tax Payable	<u>\$ 8,929.50</u>	<u>0.00</u>

Note 10: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance	Balance
	<u>12/31/23</u>	<u>12/31/22</u>
Prepaid Taxes	\$ 48,769.42	57,201.14
Cash Liability for Taxes Collected in Advance	<u>\$ 48,769.42</u>	<u>57,201.14</u>

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 11: PENSION FUNDS

Description of Plans

Substantially all of the Borough's employees are covered by the Public Employees' Retirement System cost sharing multiple-employer defined benefit pension plan which has been established by State Statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet – <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement system is a cost-sharing multiple—employer plan. Membership is mandatory for substantially all full-time employees of the State or any County, Municipality, School District or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Plan (DCRP)

The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15c-1 et seq). The DCRP is a cost-sharing multiple employer defined contribution pension fund. The DCRP provides eligible members and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15c-1 et seq.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS. The current PERS rate is 15.98% of covered payroll. The Borough's contributions to PERS for the years ended December 31, 2023, 2022, and 2021 were \$41,249.00, \$38,477.00, and \$42,653.00.

The total payroll for the years ended December 31, 2023, 2022, and 2021 was \$314,034.52, \$323,606.73, and \$294,839.34. Payroll covered by PERS was \$231,659.00, \$232,608.00, and \$228,922.00.

Significant Legislation

Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

Chapter 78's provisions impacting employee pension and health benefits include:

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Chapter 1, P.L. 2010, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

Also, Chapter 1, P.L. 2010 changed the membership eligibility criteria for new members of PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of PERS to $\frac{1}{60}$ th from $\frac{1}{55}$ th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a $\frac{1}{7}$ th of the required amount, beginning in fiscal years 2012.

Chapter 3, P.L. 2010, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 12: PENSION LIABILITIES

In 2012, the Governmental Accounting Standards Board issued GASB statement 68. This statement is effective for fiscal years beginning after June 15, 2014. This statement changes the method of reporting the Borough's pension liabilities. However, due to the fact that the Borough reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the Borough's pension liabilities as June 30, 2022:

Public Employees' Retirement System

The Borough has a liability of \$493,640.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 that was rolled forward to June 30, 2022. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Borough's proportion is 0.00327100950%, which was an increase of 0.46% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2022, the Borough would have recognized pension expense of (\$71,177.00). At December 31, 2022, the Borough would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,529.00	73,918.00
Difference between expected and actual experience	3,563.00	3,142.00
Net difference between projected and actual earnings on pension plan investments	20,431.00	
Changes in proportion and differences between Boro. contributions and proportionate share of contributions	6,270.00	114,796.00
Total	\$ 31,793.00	191,856.00

Amounts that would be reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30,		
2023	\$	(146,306)
2024		(53,884)
2025		(3,786)
2026		44,257
2027		(344)
Total	\$	(160,063)

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Actuarial Assumptions

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

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	2.75% – 6.55% (based on years of service)
Investment rate of return:	7.00%

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

The actuarial assumptions used in the July 1, 2021 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, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments 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 PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.12%
Non-U.S. developed markets equity	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private equity	13.00%	11.80%
Real estate	8.00%	11.19%
Real assets	3.00%	7.60%
High yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment grade credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk mitigation strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Borough's proportionate share of the net pension liability	\$ 587,923.88	\$ 493,640.00	\$ 413,740.43

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2023 AND 2022

Pension plan fiduciary net position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 13: DEFERRED COMPENSATION

Employees of the Borough may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the Borough. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the Borough has an obligation of due care in selecting the third-party administrator. In the opinion of the Borough's legal counsel, the Borough has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

Note 14: ACCRUED SICK AND VACATION BENEFITS

Borough employees are permitted to accrue six (6) sick days per year which may be accumulated from year to year with a 25 day limitation. If the employee was hired prior to January 1, 1999, they are permitted to accumulate up to 36 days. Employees are not permitted to receive compensation for this accumulated time upon termination. Vacation is earned depending on length of service, with five (5) days permitted to be carried over to the following year provided notice is given thirty (30) days prior to the end of the year. Employees will be paid for this time, plus vacation earned in the current year, upon termination. Compensatory time will be paid upon termination only if the time was earned in the immediately preceding six months.

It is estimated that the current cost of such unpaid compensation would approximate \$3,432.25 in 2023 and \$3,073.46 in 2022. This amount is not reported either as an expenditure or liability. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The Borough has elected not to accrue this liability as of December 31, 2023; but, instead is accounting for the expense on a pay-as-you-go basis.

Note 15: ECONOMIC DEPENDENCY

The Borough of Folsom is not economically dependent on any one business or industry as a major source of tax revenue for the Borough.

Note 16: CONTINGENT LIABILITIES

From time to time, the Borough is a defendant in legal proceedings relating to its operations as a municipality. In the best judgment of the Borough's management, the outcome of any present legal proceedings will not have an adverse material effect on the accompanying financial statements.

Note 17: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

Property and Liability Insurance –The Borough is a member of the Atlantic County Joint Insurance Fund and the Municipal Excess Liability Fund which also includes other municipalities throughout the region. The Borough is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The Borough has a coverage limitation of \$100,000 under JIF and a coverage limitation of \$10,000,000 under MEL. There was no reduction in coverage and no claims in excess of coverage during 2023 or 2022. The Joint Insurance Fund issues its own financial report which may be obtained from the Atlantic County Joint Insurance Fund, PO Box 488, Marlton, NJ 08053

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

Calendar Year	Borough Contributions	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2023	0.00	710.06	0.00	0.00	38,882.22
2022	0.00	1,213.84	0.00	0.00	38,172.16
2021	0.00	657.14	0.00	0.00	36,958.32

Note 18: INTERFUND BALANCES

As of December 31, 2023, the following interfunds were included on the balance sheets of the various funds of the Borough of Folsom:

	Due From	Due To
Current Fund:		
Grant Fund	\$	26,795.44
General Capital Fund	164,000.00	
Grant Fund:		
Current Fund	26,795.44	
General Capital Fund		
Current Fund		164,000.00
	\$ <u>190,795.44</u>	<u>190,795.44</u>

The grant fund interfund was created as a result of funds expended in the grant fund but not yet received from the grantor. The Borough does not maintain a separate bank account for the Grant Fund.

Note 19: LENGTH OF SERVICE AWARDS PROGRAM

On August 9, 2001 Borough Council adopted an ordinance establishing the Length of Service Awards (LOSAP) Deferred Compensation Plan. This plan was approved by the voters of the Borough of Folsom by referendum at the general election in November of 2001. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP also complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. Contributions by the Borough for qualified participants were \$0 for the 2023 and 2022 calendar years. The contributions are based on qualified service credits

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

earned in the previous calendar year. Effective January 1, 2012, the volunteer fire company was dissolved by the Borough and no additional contributions will be made to the LOSAP program.

Note 20: SANITARY LANDFILL

The Borough owns a landfill that has not been open for several years. Although the Borough has complied with monitoring requirements, the landfill has not been permanently closed in accordance with the requirements of the Commissioner of the New Jersey Department of Environmental Protection, the Solid Waste Management Act, the Sanitary Landfill Closure and Contingency Fund Act, and the New Jersey Water Pollution Control Act. The Borough has been in communication with the Department of Environmental Protection to determine the specific requirements for this landfill. There is not sufficient information available to estimate the cost of closure or the required cost of post closure activity.

Note 21: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events through May 10, 2024, the date which the financial statements were available to be issued and noted no issues for disclosure or adjustment.

SUPPLEMENTARY DATA

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FORD - SCOTT

& ASSOCIATES, L.L.C.

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

To the Honorable Mayor and
Members of the Borough Council
Borough of Folsom
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Borough of Folsom, State of New Jersey, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 10, 2024, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Folsom prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551

May 10, 2024

AUDIT FINDINGS AND RESPONSES

NONE

STATUS OF PRIOR RECOMMENDATIONS

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2022	\$	883,113.55
Increased by Receipts:		
Tax Collector		3,848,468.22
Revenue Accounts Receivable		222,044.03
Miscellaneous Revenue		24,126.50
State of New Jersey:		
Senior Citizen and Veterans Deductions		17,370.55
Marriage Licenses		150.00
Due from General Capital		45,000.00
Sale of Municipal Property		70,700.00
Reserve for JIF Safety Fees		2,218.20
Reserve for State Aid Payments		19,409.90
Federal and State Receivables		131,920.86
		<u>4,381,408.26</u>
		5,264,521.81
Decreased by Disbursements:		
Current Year Appropriation		1,020,695.51
Prior Year Appropriations		38,092.50
County Taxes		1,007,154.62
Local District School Taxes		2,086,198.50
Refund Tax Overpayments		353.49
Reserve for JIF Safety Fees		5,379.41
Federal and State Disbursements		380,658.49
		<u>4,538,532.52</u>
Balance December 31, 2023	\$	<u><u>725,989.29</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF CURRENT CASH - COLLECTOR**

Balance December 31, 2022		\$	-
Increased by Receipts:			
Prepaid Taxes	48,769.42		
Taxes Receivable	3,779,582.31		
Revenue Accounts Receivable	20,116.49		
			3,848,468.22
			3,848,468.22
Payments to Treasurer			3,848,468.22
Balance December 31, 2023		\$	-

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance Dec. 31, 2022	Current Year Levy	Added Taxes	Overpayments Created	Collections by Cash 2022	2023	Overpayments Applied	Transferred To Tax Title Lien	Transferred to Foreclosed Property	Cancelled	Balance Dec. 31, 2023
2022	\$ 58,178.84		1,000.00			57,258.69				89.15	1,831.00
	58,178.84	-	1,000.00	-	-	57,258.69	-	-	-	89.15	1,831.00
2023		3,874,660.39	15,618.54		57,201.14	3,740,333.62		4,456.47		9,021.57	79,266.13
\$	58,178.84	3,874,660.39	16,618.54	-	57,201.14	3,797,592.31	-	4,456.47	-	9,110.72	81,097.13

Cash Receipts
 3,779,582.31
 Senior Citizens and Veterans
 18,010.00
3,797,592.31

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax 3,874,660.39
 Added Taxes (54-4-63.1 et. Seq.) 15,618.54
3,890,278.93

Tax Levy:
 General County Taxes 890,816.60
 County Library Taxes 63,080.03
 County Health Taxes 41,463.02
 County Open Space Taxes 10,215.39
 County Added and Omitted Taxes 4,059.80
 Total County Taxes 1,009,634.84

Local School District Tax 2,095,128.00

Local Tax for Municipal Purposes 772,212.24
 Add: Additional Tax Levied 13,303.85
785,516.09

3,890,278.93

**CURRENT FUND
SCHEDULE OF TAX TITLE AND OTHER LIENS**

Balance December 31, 2022		\$	37,223.76
Increased by:			
Transfers from Taxes Receivable	4,456.47		
Interest and Costs Accrued by Sale of June 26, 2023	-		
	-		4,456.47
			41,680.23
Decreased by:			
Collections	-		
	-		-
Balance December 31, 2023		\$	41,680.23

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2022	Accrued in 2023	Collected by		Balance Dec. 31, 2023
			Collector	Treasurer	
Interest and Costs on Taxes		20,116.49	20,116.49		
Interest Earned on Investments and Deposits		7,426.03		7,426.03	
Energy Receipts Tax		187,368.00		187,368.00	
Shared Service Agreement - Chief Financial Officer		27,250.00		27,250.00	
	\$ -	242,160.52	20,116.49	222,044.03	-

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2022	Balance After Transfers	Paid or Charged	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Borough Council					
Other Expenses	\$ 865.11	865.11	27.55	837.56	
Municipal Clerk					
Salaries and Wages	279.80	279.80	(240.06)	519.86	
Other Expenses	327.42	327.42	155.00	172.42	
Financial Administration					
Other Expenses	510.13	510.13	218.77	291.36	
Assessment of Taxes					
Other Expenses	654.24	654.24	6.82	647.42	
Engineering Services and Costs					
Other Expenses	3,950.00	3,950.00	3,100.00	850.00	
Planning Board					
Other Expenses	3,628.16	3,628.16	271.25	3,356.91	
Insurance					
Employee Group Insurance	5,630.60	5,630.60	4,785.44	845.16	
STREETS AND ROADS					
Streets and Road Maintenance					
Other Expenses	6,370.46	6,370.46	95.15	6,275.31	
Building and Grounds					
Other Expenses	9,140.25	9,140.25	4,759.06	4,381.19	
Solid Waste Collection					
Other Expenses	13,991.44	13,991.44	9,435.66	4,555.78	
Solid Waste Deposal Costs	10,552.76	10,552.76	7,214.21	3,338.55	
RECREATION AND EDUCATION					
Recreation Services and Programs					
Other Expenses	1,243.82	1,243.82	220.00	1,023.82	
Parks Commission					
Other Expenses	3,500.00	3,500.00	3,500.00	-	
UTILITIES					
Electricity & Natural Gas	9,041.08	9,041.08	3,444.91	5,596.17	
Telecommunication Costs	294.79	294.79	246.13	48.66	
Petroleum Products	852.61	852.61	852.61	-	
All Other Accounts - No Change	25,067.66	25,067.66	-	25,067.66	
	<u>\$ 95,900.33</u>	<u>95,900.33</u>	<u>38,092.50</u>	<u>57,807.83</u>	<u>-</u>

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

Balance December 31, 2022			
School Tax Payable	\$		
School Tax Deferred		1,038,633.23	1,038,633.23
Increased by:			
Levy - School Year July 1, 2022 to June 30, 2023			2,095,128.00
			3,133,761.23
Decreased by:			
Payments			2,086,198.50
Balance December 31, 2023			
School Tax Payable		8,929.50	
School Tax Deferred		1,038,633.23	
			1,047,562.73
Current Year Liability for Local School District School Tax:			
Tax Paid			2,086,198.50
Tax Payable Ending			8,929.50
			2,095,128.00
Less: Tax Payable Beginning			-
Amount Charged to Current Year Operations	\$		2,095,128.00

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Purpose</u>	Balance Dec. 31, 2022	Transferred From 2023 Revenues	Received	Cancelled	Balance Dec. 31, 2023
FEDERAL GRANTS:					
	\$				
Community Development Block Grant	733.58	45,000.00			45,733.58
American Rescue Plan	-	95,716.21	95,716.21		-
USRDA Boom Lift Grant	17,000.00	-			17,000.00
Total Federal	17,733.58	140,716.21	95,716.21	-	62,733.58
STATE GRANTS:					
NJ Transportation Trust Fund Authority - 2022	71,250.00		64,163.31	(7,086.69)	-
NJ Transportation Trust Fund Authority - 2023	-	261,640.00			261,640.00
NJ Transportation Bikeway Program	-	331,000.00		(331,000.00)	-
Clean Communities	-	7,309.71	7,309.71		-
Recycling Tonnage Grant	-	2,785.50	2,785.50		-
Local Recreation Improvement Grant	40,000.00	50,000.00	40,000.00		50,000.00
Sustainable Jersey	2,500.00				2,500.00
Stormwater Management Grant	-	25,000.00	15,000.00		10,000.00
Total State	113,750.00	677,735.21	129,258.52	(338,086.69)	324,140.00
LOCAL GRANTS:					
Municipal Alliance Program	4,767.34	5,850.68	2,662.34	(2,105.00)	5,850.68
Total Local	4,767.34	5,850.68	2,662.34	(2,105.00)	5,850.68
\$	136,250.92	824,302.10	227,637.07	(340,191.69)	392,724.26
		Cash	131,920.86		
		Unappropriated Reserves	95,716.21		
			227,637.07		

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS**

	Balance December 31, 2022	Reserve for		2023					
	Appropriated	Encumbrances	Appropriations	Disbursed	Encumbrances	Cancelled	Balance		
							Dec. 31, 2023		
FEDERAL GRANTS:									
\$									
Community Development Block Grant	733.58		45,000.00	23,847.00			21,886.58		
USRDA Boom Lift Grant	-	17,000.00	-	17,000.00			-		
CLFP/ARP Grant	2,291.89	25,837.15	95,716.21	76,631.14	37,000.00		10,214.11		
Total Federal	<u>3,025.47</u>	<u>42,837.15</u>	<u>140,716.21</u>	<u>117,478.14</u>	<u>37,000.00</u>	<u>-</u>	<u>32,100.69</u>		
STATE GRANTS:									
Recycling Tonnage Grant	-		2,785.50	2,510.21			275.29		
Clean Communities	3,462.07		7,309.71	1,827.43			8,944.35		
NJ Transportation Trust Fund Authority Act - 2022	-			208,137.31		(7,086.69)	-		
NJ Transportation Trust Fund Authority Act - 2023	-	215,224.00	261,640.00				261,640.00		
NJ Transportation Bikeways Program	-		331,000.00			(331,000.00)	-		
Sustainable Jersey Grant	5,001.63			4,501.63			500.00		
Stormwater Management Grant	-		25,000.00	2,660.00	22,340.00		-		
Local Recreation Improvement Grant	-	40,000.00	50,000.00	40,000.00			50,000.00		
Total State	<u>8,463.70</u>	<u>255,224.00</u>	<u>677,735.21</u>	<u>259,636.58</u>	<u>22,340.00</u>	<u>(338,086.69)</u>	<u>321,359.64</u>		
LOCAL GRANTS:									
Atlantic County Drug Alliance-County	5,359.18		7,313.35	3,543.77		(2,409.39)	6,719.37		
Total Local	<u>5,359.18</u>	<u>-</u>	<u>7,313.35</u>	<u>3,543.77</u>	<u>-</u>	<u>(2,409.39)</u>	<u>6,719.37</u>		
\$	<u>16,848.35</u>	<u>298,061.15</u>	<u>825,764.77</u>	<u>380,658.49</u>	<u>59,340.00</u>	<u>(340,496.08)</u>	<u>360,179.70</u>		

**CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES**

<u>Purpose</u>	<u>Balance Dec. 31, 2022</u>	<u>Transferred To 2023 Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2023</u>
STATE GRANTS:				
American Rescue Plan	\$ 95,716.21	95,716.21		-
Total State	<u>\$ 95,716.21</u>	<u>95,716.21</u>	<u>-</u>	<u>-</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Animal Control	Other
Balance December 31, 2022	\$ 810.40	195,068.84
Increased By:		
State Dog License Fees	111.00	
Municipal Dog License Fees	622.00	
Cat License Fees	207.00	
Unemployment Claims		710.06
Escrow Deposits		10,997.78
Community Events		-
Tax Title Lien Redemption		22,795.46
Payroll and Deductions		336,450.69
JIF Refunds		6,582.95
	940.00	384,595.66
	1,750.40	579,664.50
Decreased By:		
Paid to State of NJ	111.00	
Dog Fund Expenditures	1,117.55	
Escrow Payments		10,768.70
Small Cities Payments		-
Tax Title Lien Premiums		-
Tax Title Lien Redemptions		38,834.91
Payroll and Deductions		336,454.61
Storm Recovery Trust		-
Community Events		-
JIF Refunds		783.50
	1,228.55	386,841.72
Balance December 31, 2023	521.85	192,822.78
Analysis of December 31, 2023 Balance		
Payroll Deductions		-
Unemployment Trust		38,882.22
Developer's Escrow		73,784.21
Tax Title Lien Redemption		27,170.74
Small Cities Revolving Loan Trust		52,985.61
	\$	192,822.78

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

Balance December 31, 2022	\$		810.40
Increased by:			
Dog License Fees Collected		622.00	
Cat License Fees Collected		207.00	
			829.00
			1,639.40
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:			
Cash		1,117.55	
			1,117.55
Balance December 31, 2023	\$		521.85

License Fees Collected

<u>Year</u>	<u>Amount</u>
2022	775.00
2021	641.60
	1,416.60

**TRUST FUND
SCHEDULE OF AMOUNT DUE TO/(FROM) STATE OF NEW JERSEY
ANIMAL CONTROL FUND**

Balance December 31, 2022	\$		-
Increased By:			
Collected in 2021			
State License Fees		65.00	
Pilot Clinic Fund Fees		13.00	
Animal Population Control Fees		33.00	
			111.00
			111.00
Decreased By:			
Payments			111.00
Balance December 31, 2023	\$		-

See Accompanying Auditor's Report

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2023**

Reserve	Increased by		Decreased by		Balance Dec. 31, 2023
	Balance Dec. 31, 2022	Receipts	Other	Disbursements	
Unemployment Compensation Trust	\$ 38,172.16	710.06			38,882.22
Developers Escrow	53,701.76	10,997.78		10,768.70	53,930.84
Tax Title Lien Premiums	25,800.00	10,970.74		9,600.00	27,170.74
Tax Title Lien Redemptions	17,410.19	11,824.72		29,234.91	(0.00)
Payroll Deductions	3.92	336,450.69		336,454.61	0.00
Small Cities Revolving Loan Trust	52,985.61				52,985.61
Storm Recovery Trust	6,190.84	7,000.00			13,190.84
Community Garden	106.62	58.72			165.34
Community Events	697.74				697.74
JIF Refunds	-	6,582.95		783.50	5,799.45
	<u>\$ 195,068.84</u>	<u>384,595.66</u>	<u>-</u>	<u>386,841.72</u>	<u>192,822.78</u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

Balance December 31, 2022		\$	805.05
Increased by:			
Current Operating Budget Appropriations:			
Bonds and Notes Authorized But Not Issued	<u>36,570.00</u>		<u>46,570.00</u>
			47,375.05
Decreased by:			
Due to Current Fund	<u>45,000.00</u>		<u>45,000.00</u>
Balance December 31, 2023		\$	<u><u>2,375.05</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2022	Receipts		Disbursements		Transfers		Balance Dec. 31, 2023
		Budget Appropriation	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 17,479.47							17,479.47
Capital Improvement Fund	17,090.49	10,000.00						27,090.49
Contracts Payable	31,850.00				31,850.00			-
Due to Current Fund	209,000.00				45,000.00			164,000.00
<u>Improvement Authorizations:</u>								
8-2012 Various General Improvements	(15,152.32)							(15,152.32)
6-2020 Equipment and Roadway Improvements	(272,485.29)		36,570.00				4,900.00	(231,015.29)
10-2021 LED Sign	4,972.70							4,972.70
13-2021 Tow Behind Boom Lift	8,050.00						26,950.00	35,000.00
	\$ 805.05	10,000.00	36,570.00	-	45,000.00	31,850.00	31,850.00	2,375.05

**GENERAL CAPITAL FUND
DEFERRED CHARGES TO FUTURE TAXATION - FUNDED**

Balance December 31, 2022	\$	123,323.00
Decreased by:		
2023 Budget Appropriation to Pay Bonds:		
Municipal Bonds		<u>28,746.00</u>
Balance December 31, 2023	\$	<u><u>94,577.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Raised in 2023 Budget	Cancelled Authorization	Balance Dec. 31, 2023	Analysis of Balance		
							Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
8-2012	Various General Improvements Equipment and Roadway Improvements	\$ 15,152.32	-	36,570.00	-	15,152.32	-	15,152.32	-
6-2020		399,430.00	-	-	-	362,860.00	-	231,015.29	131,844.71
		\$ 414,582.32	-	36,570.00	-	378,012.32	-	246,167.61	131,844.71

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2022	\$	17,090.49
Increased by:		
Budget Appropriation		10,000.00
Decreased by:		
Appropriated to Finance Improvement Authorization		-
		-
Balance December 31, 2023	\$	27,090.49

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2022		Authorizations			Balance December 31, 2023			
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Encumbered	Cancelled	Funded	Unfunded
6-2020	Equipment and Roadway Improvements	6/9/20	459,000	4,972.70	126,844.71	-	-	(4,900.00)	-	-	4,972.70	131,844.71
10-2021	LED Sign	7/13/21	35,000	8,050.00	-	-	(26,950.00)	-	-	-	35,000.00	-
13-2021	Tow Behind Boom Lift	9/14/21	35,000	13,022.70	126,844.71	-	-	(31,850.00)	-	-	39,972.70	131,844.71
			\$									

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2022	Increased	Decreased	Balance Dec. 31, 2023
			Date	Amount					
Acquisition of Land, Renovations, and Addition to Borough Hall	7/18/96	534,000	1/18/24	14,914	\$				
			7/18/24	15,287					
			1/18/25	15,669					
			7/18/25	16,061					
			1/18/26	16,461					
			7/18/26	16,185	5.00%	123,323.00		28,746.00	94,577.00
					\$	<u>123,323.00</u>	<u>-</u>	<u>28,746.00</u>	<u>94,577.00</u>

**GENERAL CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2022	2023 Authorizations	Debt Issued	Cancelled Authorization	Paid Through Budget	Balance Dec. 31, 2023
8-2012	Various General Improvements	\$ 15,152.32			-	-	15,152.32
6-2020	Equipment & Road Improvements	399,430.00	-			36,570.00	362,860.00
		<u>414,582.32</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,570.00</u>	<u>378,012.32</u>

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BOROUGH OF FOLSOM

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

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GENERAL COMMENTS

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$17,500, except by contract or agreement". Effective July 1, 2020, the bid threshold was increased to \$44,000 for municipalities with a Qualified Purchasing Agent. The Borough Council appointed a Qualified Purchasing Agent and adopted a resolution to increase the bid threshold to \$44,000.

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$40,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated no bids were awarded in 2023.

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

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

My examination of expenditures did not reveal individual payments, contracts or agreements in excess of \$44,000 "for the performance of any work or hiring of any materials or supplies", other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 23, 2023 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, NJSA 54:5-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes or assessments subject to any abatement or discount for the payment of taxes as provided by law.

NOW, THEREFORE BE IT RESOLVED, by the Mayor and Council of the Borough of Folsom, County of Atlantic and State of New Jersey, as follows:

The Tax Collector is hereby authorized and directed to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent as due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency.

There will be a ten (10) day grace period of quarterly tax payments made by cash, check, or money order. If payments are not received within the grace period, interest is then calculated from the date when the payment was originally due, until the date of actual payment.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on June 26, 2023 and was complete. There were no properties in bankruptcy as of December 31, 2023.

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

<u>Year</u>	<u>Number of Liens</u>
2023	22
2022	22
2021	25

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulation of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payment of 2023 and 2024 Taxes	5
Delinquent Taxes	6
Tax Title Liens	3

Comparison of Tax Levies and Collections Currently

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

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percent of Collections</u>
2023	\$ 3,890,278.93	3,797,534.76	97.62%
2022	3,785,861.06	3,723,069.59	98.34%
2021	3,749,101.50	3,656,497.40	97.53%
2020	3,650,220.59	3,563,651.55	97.63%
2019	3,522,128.88	3,385,748.93	96.13%

Comparative Schedule of Tax Rate Information

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	2.204	2.163	2.145	2.087	2.006
Apportionment of Tax Rate:					
Municipal	0.439	0.425	0.415	0.404	0.384
County	0.573	0.548	0.568	0.539	0.531
Local School	1.192	1.190	1.162	1.144	1.091
Assessed Valuation	175,801,300	174,740,100	174,601,400	174,433,700	174,454,600

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Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>		Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage Of Tax <u>Levy</u>
2023	\$	41,680.23	81,097.13	122,777.36	3.16%
2022		37,223.76	58,178.84	95,402.60	2.52%
2021		45,622.56	84,523.87	130,146.43	3.47%
2020		37,807.84	75,806.91	113,611.78	3.11%
2019		30,979.12	117,919.11	148,898.23	4.23%

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RECOMMENDATIONS

NONE

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

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

Very truly yours,

Ford, Scott & Associates, L.L.C.
FORD, SCOTT & ASSOCIATES, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Harvey C. Cocozza, Jr.
Harvey C. Cocozza, Jr.
Certified Public Accountant
Registered Municipal Accountant
No. 551

May 10, 2024