

**CITY OF SEA ISLE CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2021**

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CITY OF SEA ISLE CITY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS - REGULATORY BASIS

FOR THE YEAR ENDED

DECEMBER 31, 2021



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Sea Isle City
County of Cape May, 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 City of Sea Isle City, as of December 31, 2021 and 2020, 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, 2021 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 City of Sea Isle City as of December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021 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 City of Sea Isle City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the City of Sea Isle City 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 City of Sea Isle City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 City of Sea Isle City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about the City of Sea Isle City'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 City of Sea Isle City basic financial statements. The supplementary information listed in the table of contents and schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08 respectively, 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, schedule of expenditures of federal awards and the schedule of state financial assistance are 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 July 29, 2022, on our consideration of the City of Sea Isle City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 City of Sea Isle City's internal control over financial reporting and compliance.

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

Leon P. Costello
Leon P. Costello
Certified Public Accountant
Registered Municipal Accountant
No. 393

July 29, 2022

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 13,077,614.48	12,108,189.09
Cash - Change	555.00	555.00
Total Cash	<u>13,078,169.48</u>	<u>12,108,744.09</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	365,405.87	334,567.95
Tax Title and Other Liens	9,527.61	9,420.64
Property Acquired for Taxes - at Assessed Valuation	23,372.00	23,372.00
Revenue Accounts Receivable	3,150.78	3,221.37
Interfund Receivable:		
Animal Control Fund	-	100.00
Total Receivables and Other Assets	<u>401,456.26</u>	<u>370,681.96</u>
Total Regular Fund	<u>13,479,625.74</u>	<u>12,479,426.05</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	123,578.89	1,789.04
Due from Current Fund	125,650.22	32,809.65
Total Federal and State Grant Fund	<u>249,229.11</u>	<u>34,598.69</u>
Total Current Fund	<u>\$ 13,728,854.85</u>	<u>12,514,024.74</u>

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>2021</u>	<u>2020</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,123,806.58	2,500,262.17
Reserve for Encumbrances	1,116,246.09	1,062,323.95
Accounts Payable	55,374.38	191,336.83
Prepaid Taxes	950,349.90	832,479.67
Overpaid Taxes	-	8,596.45
Payroll Taxes Payable	-	321.68
County Added Tax Payable	192,445.75	172,510.01
Due to State:		
Senior Citizens' & Veterans's Ded	10,055.80	9,555.80
Interfund Payable:		
Federal and State Grant Fund	125,650.22	32,809.65
Other		
Reserve for Revaluation - Prior	114,454.33	114,454.33
Other Liabilities	176.00	176.00
Reserve for Insurance Claims	249,546.33	249,546.33
	<u>4,938,105.38</u>	<u>5,174,372.87</u>
Reserve for Receivables and Other Assets	401,456.26	370,681.96
Fund Balance	<u>8,140,064.10</u>	<u>6,934,371.22</u>
Total Regular Fund	<u>13,479,625.74</u>	<u>12,479,426.05</u>
Federal and State Grant Fund:		
Encumbrances Payable	9,654.00	-
Unappropriated Reserves	136,375.14	31,423.06
Appropriated Reserves	<u>103,199.97</u>	<u>3,175.63</u>
Total Federal and State Grant Fund	<u>249,229.11</u>	<u>34,598.69</u>
Total Current Fund	<u>\$ 13,728,854.85</u>	<u>12,514,024.74</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,**

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Fund Balance	\$ 3,500,000.00	2,966,000.00
Miscellaneous Revenue Anticipated	5,816,248.64	4,502,076.53
Receipts from Delinquent Taxes	335,817.95	517,013.97
Receipts from Current Taxes	36,565,865.76	34,532,785.39
Non Budget Revenue	162,921.18	98,810.89
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	2,654,611.98	1,813,142.87
Interfund Returned	100.00	-
Cancellation of Grant Reserves	-	10,375.75
Cancelation Prior Year Accounts Payable	14,443.91	140,185.36
Total Income	<u>49,050,009.42</u>	<u>44,580,390.76</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	10,206,499.00	9,983,009.00
Other Expenses	7,074,212.00	6,804,174.00
Deferred Charges & Statutory Expenditures	2,251,407.00	2,086,436.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	75,000.00	75,000.00
Capital Improvements	1,150,000.00	300,000.00
Debt Service	5,155,350.00	5,005,995.77
Deferred Charges	-	3,750.00
State and Federal Grants	168,063.06	51,486.39
Transfer to Board of Education	-	32,000.00
Local District School Tax	1,827,302.00	1,827,302.00
County Tax	16,242,787.73	14,723,399.33
County Share of Added Tax	192,445.75	172,510.01
Refund of Prior Year's Revenue	1,250.00	2,200.00
Grant Balances cancelled, Net	-	9,000.75
Total Expenditures	<u>44,344,316.54</u>	<u>41,076,263.25</u>
Excess/(Deficit) in Revenue	<u>4,705,692.88</u>	<u>3,504,127.51</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,**

	<u>2021</u>	<u>2020</u>
Statutory Excess to Fund Balance	<u>4,705,692.88</u>	<u>3,504,127.51</u>
Fund Balance January 1	<u>6,934,371.22</u>	<u>6,396,243.71</u>
	11,640,064.10	9,900,371.22
Decreased by:		
Utilization as Anticipated Revenue	<u>3,500,000.00</u>	<u>2,966,000.00</u>
Fund Balance December 31	<u>\$ 8,140,064.10</u>	<u>6,934,371.22</u>

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, 2021**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 3,500,000.00	-	-
Total Fund Balance Anticipated	<u>3,500,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	15,000.00	-	3,674.36
Other	170,000.00	-	1,520.00
Fees and Permits	100,000.00	-	158,788.92
Fines and Costs:			
Municipal Court	170,000.00	-	21,467.26
Interest and Costs on Taxes	85,000.00	-	(20,814.47)
Interest Earned on Investments	45,000.00	-	2,652.45
Parking Meters	250,000.00	-	26,544.07
Beach Fees	1,290,000.00	-	131,300.00
Marina Slips Rentals	200,000.00	-	12,535.00
Local Franchise Fee - Cable and Beach Vendors	190,000.00	-	266,099.96
Telephone Call Tower Rental	365,000.00	-	27,459.43
Total Section A: Local Revenues	<u>2,880,000.00</u>	<u>-</u>	<u>631,226.98</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	293,009.00	-	-
Total Section B: State Aid Without Offsetting Appropriations	<u>293,009.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	400,000.00	-	110,516.00
Total Section C: Uniform Construction Code Fees	<u>400,000.00</u>	<u>-</u>	<u>110,516.00</u>

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, 2021**

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Clean Communities	27,134.02	-	27,134.02	-
COPS in Shops	-	8,360.00	8,360.00	-
Click It or Ticket	-	6,000.00	6,000.00	-
Body Worn Camera Grant	-	122,280.00	122,280.00	-
Body Armor	1,789.04	-	1,789.04	-
SJ Gas - 1st Responder	2,500.00	-	2,500.00	-
Total Section F: Special Items - Public and Private Programs	31,423.06	136,640.00	168,063.06	-
Section G: Other Special Items				
Recreation Fees	1,000.00	-	23,520.36	22,520.36
Reserve for Payment of Bonds	800,000.00	-	800,000.00	-
Festival Income	5,000.00	-	10,400.00	5,400.00
Ambulance Fees	119,000.00	-	153,905.24	34,905.24
City of Ocean City - Construction Code Official	205,000.00	-	345,608.00	140,608.00
Total Section G: Other Special Items	1,130,000.00	-	1,333,433.60	203,433.60
Total Miscellaneous Revenues:	4,734,432.06	136,640.00	5,816,248.64	945,176.58
Receipts from Delinquent Taxes	330,000.00		335,817.95	5,817.95
Amount to be Raised by Taxes for Support of Municipal Budget	18,276,240.00	-	19,199,111.28	922,871.28
Local Tax for Municipal Purposes	18,276,240.00	-	19,199,111.28	922,871.28
Total Amount to be Raised by Taxes for Support of Municipal Budget	18,276,240.00	-	19,199,111.28	922,871.28
Budget Totals	26,840,672.06	136,640.00	28,851,177.87	1,873,865.81
Non- Budget Revenues:				
Other Non- Budget Revenues:	-	-	162,921.18	162,921.18
Total	26,840,672.06	136,640.00	29,014,099.05	2,036,786.99

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, 2021**

Analysis of Realized Revenues	
Allocation of Current Tax Collections:	
Revenue from Collections	36,565,865.76
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	36,565,865.76
Allocated to:	
School, County and Other Taxes	18,262,535.48
Balance for Support of Municipal Budget Appropriations	18,303,330.28
Increased by:	
Appropriation "Reserved for Uncollected Taxes"	895,781.00
Amount for Support of Municipal Budget Appropriations	19,199,111.28
Receipts from Delinquent Taxes:	
Delinquent Tax Collection	335,817.95
Tax Title Lien Collections	-
Total Receipts from Delinquent Taxes	335,817.95
Analysis of Non-Budget Revenue:	
Miscellaneous Revenue Not Anticipated:	
Bookkeeping/Liens	43.00
City Clerk Revenue	4.56
Div of Fire Safety	18,343.66
Elections CMC	600.00
Motor Vehicle Inspection Fines	200.00
Other Miscellaneous	6,662.85
Police Extra Duty	55,841.55
Insurance Refund	11,760.00
Police Report Copy Fees	1,646.64
Refunds	2,526.68
Rent - Paint Chip	15,000.00
Sale of Municipal Assets	7,585.00
SLEO Police Reimbursements	7,392.69
FEMA Refunds	33,614.55
Vets & SC Admin fee	465.00
Vital Statistics	1,235.00
Total Miscellaneous Revenue Not Anticipated:	162,921.18
Cash Received	162,921.18
Non-Cash Items	-
	162,921.18

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"						
DEPARTMENT OF ADMINISTRATION						
General Administration						
Salaries and Wages	537,537.00	537,537.00	440,162.94	-	97,374.06	-
Other Expenses	217,600.00	217,600.00	108,939.69	76,459.88	32,200.43	-
Mayor						
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-	-
Other Expenses	1,700.00	1,700.00	1,168.86	295.00	236.14	-
City Council						
Salaries and Wages	45,000.00	45,000.00	45,000.00	-	-	-
Other Expenses	6,800.00	6,800.00	1,124.50	-	5,675.50	-
Municipal Clerk						
Salaries and Wages	176,562.00	176,562.00	168,436.42	-	8,125.58	-
Other Expenses	40,770.00	40,770.00	20,488.10	4,612.56	15,669.34	-
Elections						
Salaries and Wages	6,500.00	6,500.00	2,462.67	-	4,037.33	-
Other Expenses	23,600.00	23,600.00	12,380.76	310.94	10,908.30	-
Municipal Engineer						
Other Expenses	93,500.00	93,500.00	74,740.11	666.36	18,093.53	-
Fire Inspector						
Salaries and Wages	19,300.00	19,300.00	19,257.40	-	42.60	-
Other Expenses	1,000.00	1,100.00	1,092.45	-	7.55	-
Insurance						
Surety Bond Premiums	910.00	910.00	-	-	910.00	-
Reserve for Insurance	21,000.00	21,000.00	-	-	21,000.00	-
Other Expenses	10,500.00	10,500.00	7,741.00	1,107.92	1,651.08	-
General Liability	100,112.00	100,112.00	68,149.61	750.00	31,212.39	-
Workers Compensation Insurance	405,893.00	405,893.00	405,893.00	-	-	-
Employee Group Health	2,571,125.00	2,551,125.00	2,075,138.92	397,806.29	78,179.79	-
Health Benefits Waiver						
Salaries and Wages	25,000.00	31,000.00	30,306.19	-	693.81	-
DEPARTMENT OF LAW						
Legal Services and Costs						
Other Expenses	350,000.00	350,000.00	299,115.76	1,181.95	49,702.29	-
Municipal Prosecutor						
Other Expenses	22,500.00	22,500.00	-	22,500.00	-	-
Public Defender						
Other Expenses	4,500.00	4,500.00	4,500.00	-	-	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF FINANCE						
Financial Administration						
Salaries and Wages	197,940.00	197,940.00	124,851.43	-	73,088.57	-
Other Expenses	27,400.00	27,400.00	24,739.28	-	2,660.72	-
Postage	40,000.00	40,000.00	40,000.00	-	-	-
Audit Services	34,935.00	34,935.00	12,263.70	2,447.21	20,224.09	-
Miscellaneous Other Expenses						
Collection of Taxes						
Salaries and Wages	118,160.00	118,160.00	113,475.52	-	4,684.48	-
Other Expenses	10,234.00	10,234.00	1,990.75	500.00	7,743.25	-
Liquidation of Tax Title Liens & Foreclosed Property						
Other Expenses	750.00	750.00	-	-	750.00	-
Assessment of Taxes						
Salaries and Wages	170,295.00	170,295.00	163,797.62	-	6,497.38	-
Other Expenses	17,000.00	17,000.00	3,683.49	2,751.68	10,564.83	-
Street Signals and Safety Lanes						
Salaries and Wages	100,150.00	100,150.00	97,144.06	-	3,005.94	-
Other Expenses	93,390.00	93,390.00	11,495.09	33,959.93	47,934.98	-
Bathing Beaches						
Salaries and Wages	280,300.00	255,300.00	188,412.75	-	66,887.25	-
Other Expenses	43,700.00	48,700.00	6,064.16	32,600.00	10,035.84	-
Marina						
Salaries and Wages	25,700.00	25,700.00	20,664.00	-	5,036.00	-
Other Expenses	9,200.00	4,200.00	3,502.39	65.95	631.66	-
Shade Tree Commission						
Other Expenses	1,000.00	1,000.00	1,000.00	-	-	-
Environmental Commission (NJS 40:56A-1, et seq.)						
Salaries and Wages	2,990.00	2,990.00	2,981.01	-	8.99	-
Other Expenses	4,000.00	4,000.00	3,034.90	-	965.10	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF POLICE						
Police						
Salaries and Wages	3,699,600.00	3,699,600.00	3,605,791.38	-	93,808.62	-
Other Expenses	260,213.00	260,213.00	105,555.80	130,907.36	23,749.84	-
Emergency Management Services						
Salaries and Wages	23,500.00	23,500.00	23,254.42	-	245.58	-
Other Expenses	2,600.00	2,600.00	617.88	687.24	1,294.88	-
Fire						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	322,750.00	322,750.00	138,859.27	130,141.28	53,749.45	-
Emergency Medical Services						
Salaries and Wages	452,500.00	452,500.00	389,585.96	-	62,914.04	-
Other Expenses	105,000.00	105,000.00	42,890.84	14,145.64	47,963.52	-
Maintenance - Vehicle						
Salaries and Wages	94,960.00	94,960.00	92,307.90	-	2,652.10	-
Other Expenses	38,600.00	38,600.00	18,492.19	6,701.16	13,406.65	-
Lifeguards						
Salaries and Wages	754,720.00	754,720.00	735,648.50	-	19,071.50	-
Other Expenses	82,385.00	82,385.00	74,566.99	2,922.98	4,895.03	-
Animal Control Contract						
Other Expenses	28,500.00	28,500.00	10,111.03	-	18,388.97	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF PUBLIC WORKS						
Administration of Public Works						
Salaries and Wages	374,950.00	374,950.00	240,021.04	-	134,928.96	-
Other Expenses	21,375.00	21,375.00	1,222.72	-	20,152.28	-
Road Repairs and Maintenance						
Salaries and Wages	254,730.00	254,730.00	223,044.64	-	31,685.36	-
Other Expenses	44,710.00	44,710.00	13,127.78	15,487.97	16,094.25	-
Street Cleaning						
Salaries and Wages	255,355.00	255,355.00	168,419.05	-	86,935.95	-
Other Expenses	23,510.00	38,510.00	4,066.50	18,922.13	15,521.37	-
Solid Waste Management (40A:4-45.32)						
Salaries and Wages	493,230.00	493,230.00	458,407.71	-	34,822.29	-
Other Expenses	36,575.00	36,575.00	9,035.02	4,094.14	23,445.84	-
Garbage and Trash Removal						
Salaries and Wages	396,330.00	396,330.00	342,979.00	-	53,351.00	-
Other Expenses						
Contractual	370,000.00	370,000.00	353,106.87	-	16,893.13	-
Miscellaneous Other Expenses	70,505.00	70,505.00	36,523.51	9,371.73	24,609.76	-
Public Buildings and Grounds						
Salaries and Wages	406,985.00	406,985.00	354,729.30	-	52,255.70	-
Other Expenses	140,990.00	140,990.00	86,118.19	20,315.49	34,556.32	-
Shore Protection						
Salaries and Wages	300,400.00	300,400.00	297,887.38	-	2,512.62	-
Other Expenses	114,050.00	114,050.00	16,244.55	15,856.68	81,948.77	-
American with Disabilities Act						
Other Expenses	5,000.00	5,000.00	3,171.60	-	1,828.40	-
Historical Commission						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF COMMUNITY DEVELOPMENT						
Municipal Land Use Law (NJSA 40:55D-1)						
Zoning Board						
Salaries and Wages	7,250.00	7,250.00	5,948.80	-	1,301.20	-
Other Expenses	11,800.00	11,800.00	8,496.96	-	3,303.04	-
Planning Board						
Salaries and Wages	7,250.00	7,250.00	5,178.04	-	2,071.96	-
Other Expenses	17,700.00	17,700.00	4,771.29	418.66	12,510.05	-
DEPARTMENT OF COMMUNITY SERVICES						
Recreation						
Salaries and Wages	276,900.00	276,900.00	247,493.44	-	29,406.56	-
Other Expenses	148,940.00	139,940.00	85,329.41	20,605.04	34,005.55	-
Expense of Participation in Free County Library						
Salaries and Wages	4,700.00	4,700.00	4,106.45	-	593.55	-
Tourism						
Salaries and Wages	217,975.00	217,975.00	193,874.29	-	24,100.71	-
Other Expenses	254,190.00	254,190.00	165,661.50	140.23	88,388.27	-
DEPARTMENT OF MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	133,715.00	133,715.00	124,361.00	-	9,354.00	-
Other Expenses	21,800.00	21,800.00	7,931.36	434.98	13,433.66	-
UNIFORM CONSTRUCTION CODE						
State Uniform Construction Code						
Construction Official						
Salaries and Wages	331,765.00	331,765.00	280,923.98	-	50,841.02	-
Other Expenses	54,800.00	54,800.00	37,466.17	-	17,333.83	-
Salaries and Wages	17,850.00	18,250.00	18,239.00	-	11.00	-
UNCLASSIFIED						
Computer Services - All Departments	50,000.00	55,000.00	47,438.51	664.73	6,896.76	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
UTILITY EXPENSES AND BULK PURCHASES						
Electricity	170,000.00	170,000.00	170,000.00	-	-	-
Street Lighting	148,000.00	148,000.00	140,251.80	4,748.20	3,000.00	-
Telephone	65,000.00	65,000.00	63,901.72	42.32	1,055.96	-
Natural Gas	73,000.00	73,000.00	44,419.66	3,948.16	24,632.18	-
Fuel Oil	2,000.00	2,000.00	-	-	2,000.00	-
Gasoline	180,000.00	180,000.00	121,306.42	639.80	58,053.78	-
Water & Sewer	62,000.00	62,000.00	39,739.43	-	22,260.57	-
TOTAL OPERATIONS WITHIN "CAPS"	17,305,211.00	17,277,711.00	14,282,824.78	979,211.59	2,015,674.63	-
Contingent	3,000.00	3,000.00	-	-	3,000.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	17,308,211.00	17,280,711.00	14,282,824.78	979,211.59	2,018,674.63	-
Detail:						
Salaries and Wages	10,225,099.00	10,206,499.00	9,244,153.29	-	962,345.71	-
Other Expenses	7,083,112.00	7,074,212.00	5,038,671.49	979,211.59	1,056,328.92	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	678,800.00	681,300.00	678,800.00	2,500.00	-	-
Social Security System (O.A.S.I.)	782,221.00	782,221.00	654,590.34	34,534.50	93,096.16	-
Police and Firemen's Retirement System	698,386.00	723,386.00	698,386.00	25,000.00	-	-
Unemployment Compensation Insurance	39,500.00	39,500.00	30,229.68	-	9,270.32	-
Lifeguard Pension	10,000.00	10,000.00	10,000.00	-	-	-
Reserve for Retirement Trust	5,000.00	5,000.00	5,000.00	-	-	-
Defined Contribution Retirement Program	10,000.00	10,000.00	7,234.53	-	2,765.47	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,223,907.00	2,251,407.00	2,084,240.55	62,034.50	105,131.95	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	19,532,118.00	19,532,118.00	16,367,065.33	1,041,246.09	2,123,806.58	-

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

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

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,412,773.06	6,549,413.06	6,473,413.06	75,000.00	-	1,000.00
SUBTOTAL GENERAL APPROPRIATIONS	25,944,891.06	26,081,531.06	22,840,478.39	1,116,246.09	2,123,806.58	1,000.00
(M) Reserve for Uncollected Taxes	895,781.00	895,781.00	895,781.00	-	-	-
TOTAL GENERAL APPROPRIATIONS	\$ 26,840,672.06	26,977,312.06	23,736,259.39	1,116,246.09	2,123,806.58	1,000.00
Budget		26,840,672.06			Cancelled	1,000.00
Appropriations by 40A-4-87		136,640.00			Overexpended	-
		<u>26,977,312.06</u>			<u>1,000.00</u>	<u>1,000.00</u>
Reserve for Uncollected Taxes		895,781.00				
Federal and State Grants		168,063.06				
Disbursements		22,672,415.33				
		<u>23,736,259.39</u>				

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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**EXHIBIT - B
TRUST FUND**

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2021	2020
<u>Assets</u>		
<u>Assessment Fund:</u>		
Cash and Investments	\$ 110,497.72	\$ 99,148.39
Assessments Receivable	4,094.91	15,444.24
	114,592.63	114,592.63
 <u>Animal Control Fund</u>		
Cash and Investments	219.80	547.80
	219.80	547.80
 <u>Other Funds</u>		
Cash and Investments	2,418,848.28	2,359,128.36
Lifeguard Pension Due from TTL	5,000.00	5,000.00
Due from Site Plan	4,717.27	-
	2,428,565.55	2,364,128.36
	\$ 2,543,377.98	\$ 2,479,268.79

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

<u>Liabilities, Reserves and Fund Balance</u>		
<u>Assessment Fund:</u>		
Reserve for Assessments & Liens	\$ 4,094.91	\$ 15,444.24
Fund Balance	110,497.72	99,148.39
	114,592.63	114,592.63
<u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	219.80	447.80
Due to Current Fund	-	100.00
	219.80	547.80
<u>Other Funds</u>		
Due to Current	-	-
Due to Trust Other	4,717.27	-
Deposits for Redemption	-	1,185.00
Reserve for Retirement Fund	96,261.26	91,232.77
Reserve for Lifeguard Pension Fund	1,015,891.12	985,726.15
Reserve for Tennis Fees	213,619.67	174,336.81
Reserve for Cafeteria Plan	1,541.39	3,251.07
Reserve for Police Forefeited Fund	205.65	205.57
Reserve for Police Lost and Found	1,326.19	633.20
Reserve for Escrow Deposits	498,438.85	548,536.46
Reserve for POAA Fund	8,600.40	6,648.40
Reserve for Affordable Housing	68,503.41	50,770.51
Reserve for Recycling Fund	241,003.03	239,763.47
Reserve for Environmental Fees	54,764.91	53,455.09
Reserve for Municipal Alliance	2,376.48	2,376.48
Reserve for Donations	15,742.47	15,642.47
Reserve for Fire Safety Penalty	250.00	250.00
Reserve for Tourism	194,284.45	170,416.91
Reserve for TTL Redemption Premiums	-	10,100.00
Due to Lifeguard Pension from TTL	5,000.00	5,000.00
Due to State of New Jersey - Uniform Construction Code Training Fees	6,039.00	4,598.00
	2,428,565.55	2,364,128.36
	\$ 2,543,377.98	\$ 2,479,268.79

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

EXHIBIT - C
GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 4,457,575.77	6,432,823.29
Deferred Charges to Future Taxation -		
Funded	39,810,000.00	43,800,000.00
Unfunded	10,760,645.00	9,142,500.00
	<u>55,028,220.77</u>	<u>59,375,323.29</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	4,082,081.86	3,661,944.17
Serial Bonds Payable	39,810,000.00	43,800,000.00
Improvement Authorizations:		
Funded	179,213.69	136,218.05
Unfunded	6,194,215.11	7,733,819.04
Reserve to Pay Bonds & Notes	200,873.80	200,873.80
Reserve to Pay Bonds	2,866,230.37	2,601,612.29
Reserve to Pay Notes - Ordinance#1555	251,804.15	251,804.15
Capital Improvement Fund	1,028,675.00	18,925.00
Fund Balance	415,126.79	970,126.79
	<u>\$ 55,028,220.77</u>	<u>59,375,323.29</u>
There were bonds and notes authorized but not issued at December 31		
	2020	9,142,500.00
	2021	10,760,645.00

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	2021	2020
Beginning Balance January 1	\$ 970,126.79	863,117.85
Increased by:		
Cancellation of Ordinances : (Ord.#1463, 1478, 1525, 1555, 1565, 1576, 1592, & 1603)	-	216,008.94
Decreased by:		
Ordinance #1660/1670	555,000.00	109,000.00
	415,126.79	970,126.79
Ending Balance December 31	\$	

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

EXHIBIT - D
WATER AND SEWER UTILITY FUND

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	2021	2020
ASSETS		
Operating Fund:		
Cash	\$ 6,778,070.92	7,160,869.63
	6,778,070.92	7,160,869.63
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	223,613.82	278,238.96
	223,613.82	278,238.96
Total Operating Fund	7,001,684.74	7,439,108.59
Assessment Trust Fund:		
Cash	77,581.07	77,581.07
Total Assessment Trust Fund	77,581.07	77,581.07
Capital Fund:		
Cash - Treasurer	1,931,786.73	2,352,191.90
Interfunds and Receivables		
Fixed Capital - Completed	34,779,749.81	34,779,749.81
Fixed Capital - Authorized and Uncompleted	14,329,000.00	14,349,000.00
Total Capital Fund	51,040,536.54	51,480,941.71
	\$ 58,119,802.35	58,997,631.37

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

**WATER AND SEWER UTILITY FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2021</u>	<u>2020</u>
Operating Fund:		
Appropriation Reserves	\$ 214,904.50	638,079.07
Reserve for Encumbrances	626,588.47	440,185.36
Accounts Payable	-	2,400.00
Prepaid Utility Rents	352,210.75	334,249.69
Utility Overpayments	4,003.54	3,804.07
Accrued Interest on Bonds and Notes	61,486.79	75,168.48
	<u>1,259,194.05</u>	<u>1,493,886.67</u>
 Reserve for Receivables	 223,613.82	 278,238.96
Fund Balance	5,518,876.87	5,666,982.96
 Total Operating Fund	 <u>7,001,684.74</u>	 <u>7,439,108.59</u>
 Assessment Trust Fund:		
Fund Balance	77,581.07	77,581.07
 Total Assessment Trust Fund	 <u>77,581.07</u>	 <u>77,581.07</u>
 Capital Fund:		
Encumbrance Payable	209,368.54	1,039,786.20
Bond Anticipation Notes Payable	-	-
Serial Bonds Payable	9,750,000.00	10,970,000.00
USDA Loans Payable	2,267,592.35	2,308,421.49
Refunding Bonds Payable	-	295,000.00
Improvement Authorizations:		
Funded	1,230,467.05	1,232,716.78
Unfunded	2,872,143.01	2,479,880.79
Reserve for Amortization	33,241,157.46	31,685,328.32
Reserve for Pay Bonds	259,000.00	259,000.00
Fund Balance	1,210,808.13	1,210,808.13
 Total Capital Fund	 <u>51,040,536.54</u>	 <u>51,480,941.71</u>
	<u>\$ 58,119,802.35</u>	<u>58,997,631.37</u>

There were bonds and notes authorized but not issued at December 31

2020	3,870,000.00
2021	3,850,000.00

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized		
Fund Balance	\$ 1,839,334.00	1,685,594.50
Rents	9,193,486.28	9,103,465.72
Penalties	13,365.34	57,142.56
Miscellaneous Revenue Anticipated	174,820.47	218,229.40
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	665,872.61	692,906.59
Cancel Prior Year Accounts Payable	1.02	-
Total Income	<u>11,886,879.72</u>	<u>11,757,338.77</u>
Expenditures		
Operations	6,980,356.00	6,886,677.00
Debt Service	1,933,910.81	1,934,715.03
Statutory Expenses	1,281,385.00	1,251,950.00
Total Expenditures	<u>10,195,651.81</u>	<u>10,073,342.03</u>
Excess in Revenue	<u>1,691,227.91</u>	<u>1,683,996.74</u>
Excess in Operations	<u>1,691,227.91</u>	<u>1,683,996.74</u>
Fund Balance January 1	<u>5,666,982.96</u>	<u>5,668,580.72</u>
	7,358,210.87	7,352,577.46
Decreased by:		
Utilization as Anticipated Revenue	<u>1,839,334.00</u>	<u>1,685,594.50</u>
Fund Balance December 31	<u>\$ 5,518,876.87</u>	<u>5,666,982.96</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

**WATER AND SEWER UTILITY CAPITAL FUND
COMPARATIVE STATEMENT OF FUND BALANCE -
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	2021	2020
Beginning Balance January 1	\$ 1,210,808.13	329,521.05
Increased by:		
Cancelation of Ordinances #1437-1483-1495-1496-1502	-	881,287.08
Ending Balance December 31	\$ 1,210,808.13	1,210,808.13

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 1,839,334.00	1,839,334.00	-
Rents	8,215,000.00	9,193,486.28	978,486.28
Penalties	25,000.00	13,365.34	(11,634.66)
Miscellaneous	150,000.00	174,820.47	24,820.47
	<u>\$ 10,229,334.00</u>	<u>11,221,006.09</u>	<u>991,672.09</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	8,859,124.64
Prepaid Applied	334,249.69
Prepaid Adjustment	311.42

9,193,486.28

Miscellaneous

Interest on Investments	18,593.47
Meters	6,650.00
Misc. Deposits	3,175.00
Pilings	
Reconnections	42,000.00
Sewer Connections	500.00
Special Meter Reading	21,002.00
Special Sewer Connection	29,000.00
Water Connections	53,900.00

174,820.47

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

**WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Operations:						
Salaries and Wages	\$ 1,278,090.00	1,278,090.00	1,220,495.07	-	57,594.93	-
Other Expenses	898,923.00	898,923.00	481,154.45	270,342.47	147,426.08	-
Insurance	828,343.00	828,343.00	823,459.51	-	4,883.49	-
Cape May County MUA	3,975,000.00	3,975,000.00	3,613,754.00	356,246.00	5,000.00	-
	<u>6,980,356.00</u>	<u>6,980,356.00</u>	<u>6,138,863.03</u>	<u>626,588.47</u>	<u>214,904.50</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	1,515,000.00	1,515,000.00	1,515,000.00	-	-	-
Interest on Bonds	328,563.00	328,563.00	314,922.92	-	-	13,640.08
Interest on Notes	20,000.00	20,000.00	-	-	-	20,000.00
Other Debt Service - USDA	104,030.00	104,030.00	103,987.89	-	-	42.11
	<u>1,967,593.00</u>	<u>1,967,593.00</u>	<u>1,933,910.81</u>	<u>-</u>	<u>-</u>	<u>33,682.19</u>
Deferred Charges and Statutory Expenditures:						
Unfunded Ordinance	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Public Employees' Retirement System	174,111.00	174,111.00	174,111.00	-	-	-
Social Security System	97,774.00	97,774.00	97,774.00	-	-	-
Unemployment Compensation Insurance	9,500.00	9,500.00	9,500.00	-	-	-
	<u>1,281,385.00</u>	<u>1,281,385.00</u>	<u>1,281,385.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>10,229,334.00</u>	<u>10,229,334.00</u>	<u>9,354,158.84</u>	<u>626,588.47</u>	<u>214,904.50</u>	<u>33,682.19</u>
Statement of Expenditures:						
Accrued Interest on Bonds			61,486.79			
Disbursed			<u>9,292,672.05</u>		Canceled	<u>33,682.19</u>
			<u>9,354,158.84</u>			<u>33,682.19</u>

The Accompanying Notes to the Financial Statements are an Integral Part of this Statement

EXHIBIT - E
GENERAL FIXED ASSETS ACCOUNT GROUP

**GENERAL FIXED ASSETS ACCOUNT GROUP
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
AS OF DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
General Fixed Assets:		
Land and Buildings	\$ 3,138,438.00	\$ 3,138,438.00
Buildings	16,044,869.00	16,044,869.00
Machinery and Equipment	13,854,561.37	13,117,704.12
Total General Fixed Assets	<u>\$ 33,037,868.37</u>	<u>\$ 32,301,011.12</u>
Investment in General Fixed Assets	<u>\$ 33,037,868.37</u>	<u>\$ 32,301,011.12</u>

The Accompanying Notes to the Financial Statements are an
Integral Part of this Statement

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NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Sea Isle City include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Sea Isle City, as required by N.J.S. 40A:5-5.

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

B. Description of Funds

The accounting policies of the City of Sea Isle City 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 City of Sea Isle City 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.

Water and Sewer Operating and Capital Funds -- account for the operations of the water and sewer utility and acquisition of water and sewer capital facilities other than those acquired in the Current and General Capital Funds.

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 generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey follow.

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 entity budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the entity's Current Fund, in addition the receivables for utility billings are recorded with offsetting reserves in the Utility Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the entity which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

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 unencumbered 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; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

Inter-funds - 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 entity has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which 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 \$1,000.00 are capitalized.

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.

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

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

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 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 City of Sea Isle City 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 \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten-day grace period.

Levy of Utility Charges – The entity operates a Water and Sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Sewer Charges are billed semi-annually and due on April 1st and October 1st.

Interest on Delinquent Utility Charges -- It is the policy of the entity to collect interest for the nonpayment of utility charges on or before the date when they would become delinquent. The Utility Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of charges becoming delinquent after due date and eighteen percent (18%) per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

Capitalization of Interest -- It is the policy of the City of Sea Isle City to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles 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 entity's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenue-Regulatory Basis and Statement of Expenditures-Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

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

F. Recent Accounting Pronouncements Not Yet Effective

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement, which is effective for periods beginning after June 15, 2021, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement, which is effective for periods ending December 31, 2021, will not have any effect on the City's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In May 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 96, "Subscription-Based Information Technology Arrangements". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement, which is effective for periods beginning after June 15, 2021, and all reporting periods thereafter, will not have any effect on the City's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, 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 2021 and 2020 statutory budgets included a reserve for uncollected taxes in the amount of \$895,781.00 and \$851,209.87. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$3,500,000.00 and \$2,966,000.00.

In addition, the entity operates a self-liquidating Water and Sewer utility. Under New Jersey Statutes a separate budget for the Water and Sewer utility must be adopted concurrently with the operating budget of the entity. The Water and Sewer utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$1,839,334.00 and \$1,685,594.50.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 City Council. The following significant budget transfers were approved in the 2021 and 2020 calendar years:

<u>Budget Category</u>	<u>2021</u>	<u>2020</u>
<u>Current Fund</u>		
General Administration		
Other Expenses	-	50,000.00
Fire Inspector		
Other Expenses	100.00	-
Marina		
Salaries and Wages	-	(58,000.00)
Insurance		
Employee Group Health	(20,000.00)	(70,000.00)
Health Benefits Waiver	6,000.00	-
Legal Services and Cost		
Other Expenses	-	70,000.00
Bathing Beaches		
Salaries and Wages	(25,000.00)	-
Other Expenses	5,000.00	-
Marina		
Other Expenses	(5,000.00)	-
Police		
Other Expenses	-	(14,700.00)
Emergency Management Services		
Other Expenses	-	(1,400.00)
Emergency Medical Services		
Salaries and Wages		
Other Expenses	-	(26,180.00)
Maintenance - Vehicle		
Salaries and Wages	-	1,500.00
Lifeguards		
Other Expenses	-	42,280.00
Street Cleaning		
Other Expenses	15,000.00	-
Recreation		
Other Expenses	(9,000.00)	-
Construction Official		
Salaries and Wages	400.00	17,000.00
Unclassified	5,000.00	
Gasoline	-	(63,500.00)
Street Lighting	-	15,000.00
Telephone	-	8,000.00
PERS	2,500.00	15,000.00
PFRS	25,000.00	15,000.00

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

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. There were three significant budget insertions approved during 2021. There was one significant budget insertions approved in 2020.

<u>Budget Category</u>	<u>2021</u>	<u>2020</u>
Cops in Shops	8,360.00	-
Body Worn Camera	122,280.00	-
Click it or Ticket	6,000.00	-
Drunk Driving Enforcement	-	3,729.61

The entity 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 budgets of the succeeding year. The Governing Body did not approve an emergency authorization in 2021 and 2020 calendar years. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. There were no Special Emergencies approved in 2021 or 2020.

NOTE 3: INVESTMENTS

As of December 31, 2020 and 2019, the municipality held certificates of deposits in the amount of \$11,091,000.00 with First Bank of Sea Isle City. The certificates matured every 7 or 14 days depending on the maturity date in 2020 and were rolled over for another 7 or 14-day period at varying interest rates. The City also invests in Step Saver accounts with the First Bank of Sea Isle City. The interest rate on these accounts vary depending on the balance in the account.

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. 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 entity can invest in any one issuer.

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 fund that may pass to the municipality relative to the happening of a future condition. As of December 31, 2020, \$2,445,960.38 of the government’s bank balance of \$31,011,773.94 was exposed to custodial credit risk. As of December 31, 2019, \$2,329,122.29 of the government’s bank balance of \$34,906,345.31 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2021 and 2020:

	Balance 12/31/2020	Additions	Retirements/ Adjustments	Balance 12/31/2021
Land	\$ 3,138,438.00	-	-	3,138,438.00
Building	16,044,869	-	-	16,044,869.00
Equipment and Machinery	13,117,704	934,583.91	(197,726.66)	13,854,561.37
	<u>\$ 32,301,011.12</u>	<u>934,583.91</u>	<u>(197,726.66)</u>	<u>33,037,868.37</u>

	Balance 12/31/2019	Additions	Retirements/ Adjustments	Balance 12/31/2020
Land	\$ 3,138,438.00	-	-	3,138,438.00
Building	16,044,869.00	-	-	16,044,869.00
Equipment and Machinery	12,617,955.08	723,566.04	(223,817.00)	13,117,704.12
	<u>\$ 31,801,262.08</u>	<u>723,566.04</u>	<u>(223,817.00)</u>	<u>32,301,011.12</u>

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/20	Issued	Retired	Balance 12/31/19
Bond Anticipation Notes payable:				
General	\$ -	-	-	-
Utility	-	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Balance 12/31/19	Issued	Retired	Balance 12/31/20
Bond Anticipation Notes payable:				
General	\$ -	-	-	-
Utility	-	-	-	-
	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

There is no balance of General Capital or Utility notes payable as of 12/31/20 and 12/31/21.

As of December 31, 2021, the entity has authorized but not issued bonds in the amount of \$3,870,000.00 and \$3,850,000.00 in the General Capital Fund and Utility Capital Fund respectively.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2021 and 2020 consisted of the following:

	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021	Amounts Due Within One Year
Bonds payable:					
General	\$ 43,800,000.00	-	3,990,000.00	39,810,000.00	4,390,000.00
Utility	11,265,000.00	-	1,515,000.00	9,750,000.00	1,270,000.00
Total	<u>\$ 55,065,000.00</u>	<u>-</u>	<u>5,505,000.00</u>	<u>49,560,000.00</u>	<u>5,660,000.00</u>
Other liabilities:					
Loans Payable USDA Compensated	\$ 2,308,421.49	-	40,829.14	2,267,592.35	41,960.44
Absences Payable	<u>1,508,203.93</u>	<u>218,368.23</u>	<u>216,188.69</u>	<u>1,510,383.47</u>	<u>-</u>
Total long-term liabilities	<u>\$ 58,881,625.42</u>	<u>218,368.23</u>	<u>5,762,017.83</u>	<u>53,337,975.82</u>	<u>5,701,960.44</u>

	Balance 12/31/19	Issued	Retired	Balance 12/31/20	Amounts Due Within One Year
Bonds payable:					
General	\$ 47,550,000.00	-	3,750,000.00	43,800,000.00	3,990,000.00
Utility	12,730,000.00	-	1,465,000.00	11,265,000.00	1,515,000.00
Total	<u>\$ 60,280,000.00</u>	<u>-</u>	<u>5,215,000.00</u>	<u>55,065,000.00</u>	<u>5,505,000.00</u>
Other liabilities:					
Loans Payable Green Trust	\$ 15,391.88	-	15,391.88	-	-
Loans Payable USDA Compensated	2,348,150.57	-	39,729.08	2,308,421.49	40,829.89
Absences Payable	<u>1,530,471.27</u>	<u>196,780.21</u>	<u>219,047.55</u>	<u>1,508,203.93</u>	<u>-</u>
Total long-term liabilities	<u>\$ 64,174,013.72</u>	<u>196,780.21</u>	<u>5,489,168.51</u>	<u>58,881,625.42</u>	<u>5,545,829.89</u>

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

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

\$11,640,000 General Improvement Bonds dated April 15, 2012, due in annual installments through April 15, 2025, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2021, is \$4,200,000.00.

\$8,500,000 General Improvement Bonds dated September 15, 2015, due in annual installments through September 15, 2026, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2021, is \$4,500,000.00.

\$14,000,000 General Improvement Bonds dated October 13, 2016, due in annual installments through November 1, 2034, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2021, is \$12,280,000.00.

\$21,800,000 General Improvement Bonds dated August 28, 2019, due in annual installments through September 1, 2029, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2021, is \$18,830,000.00.

Outstanding bonds whose principal and interest are paid from the Utility Operating Fund of the entity:

\$5,030,000 Water and Sewer Utility Bonds dated November 15, 2009, due in annual installments through November 15, 2023, bearing a rate that varies from 3% to 4%. The balance remaining as of December 31, 2021, is \$520,000.00.

\$3,000,000 Water and Sewer Utility Bonds dated April 15, 2012 due in annual installments through April 15, 2026, bearing a rate that varies from 2% to 3%. The balance remaining as of December 31, 2021, is \$1,340,000.00.

\$4,600,000 General Improvement Bonds dated September 15, 2015, due in annual installments through September 15, 2029, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2021, is \$3,010,000.00.

\$6,080,000.00 General Improvement Bonds dated October 13, 2016, due in annual installments through November 1, 2034, bearing interest at rates varying from 2% to 3%. The balance remaining at December 31, 2021, is \$4,880,000.00.

\$1,755,000 Water and Sewer Utility Refunding Bonds dated April 3, 2014, due in annual installments through January 15, 2021, bearing a rate that varies from 3% to 5%. The balance remaining as of December 31, 2021, is now paid in-full.

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2021	3,990,000.00	1,165,350.00	1,515,000.00	328,562.50
2022	4,390,000.00	1,070,800.00	1,270,000.00	283,937.50
2023	4,580,000.00	949,350.00	1,060,000.00	244,987.50
2024	4,950,000.00	818,325.00	980,000.00	215,050.00
2025	5,190,000.00	669,825.00	1,020,000.00	185,500.00
2026-2030	16,310,000.00	1,665,950.00	3,840,000.00	533,000.00
2031-2034	4,390,000.00	338,700.00	1,580,000.00	117,600.00
	<u>\$ 43,800,000.00</u>	<u>6,678,300.00</u>	<u>11,265,000.00</u>	<u>1,908,637.50</u>

As of December 31, 2021, the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$1,165,350.00 and to the utility budget was \$314,922.92.

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

<u>Summary of Municipal Debt</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 39,810,000.00	\$ 43,800,000.00	\$ 47,565,391.88
Sewer Utility - Bonds and Notes	12,017,592.35	13,573,421.49	15,078,150.57
Total Issued	<u>51,827,592.35</u>	<u>57,373,421.49</u>	<u>62,643,542.45</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	10,760,645.00	9,142,500.00	3,018,750.00
Sewer Utility - Bonds and Notes	3,850,000.00	3,870,000.00	1,950,000.00
Total Authorized But Not Issued	<u>14,610,645.00</u>	<u>13,012,500.00</u>	<u>4,968,750.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 66,438,237.35</u>	<u>\$ 70,385,921.49</u>	<u>\$ 67,612,292.45</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 0.864%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Sewer Utility Debt	\$ 15,867,592.30	15,867,592.30	-
General Debt	50,570,645.00	-	50,570,645.00
	<u>66,438,237.30</u>	<u>15,867,592.30</u>	<u>50,570,645.00</u>

Net Debt \$50,570,645.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,
\$5,584,414,333.67 = 0.864%

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 204,904,502.00
Net Debt	50,570,645.00
Remaining Borrowing Power	<u>\$ 154,333,857.00</u>

The City of Sea Isle City School District, as a K-6 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

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

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2021, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021 and 2020 were as follows:

	<u>2022</u>	<u>2021</u>
Current Fund	\$ 3,840,000.00	\$ 3,500,000.00
Sewer Utility	925,740.00	1,839,334.00

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of NJ for Senior Citizens and Veterans Deductions, deferred charges, and cash deficit.

NOTE 9: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2020, there were no deferred charges shown on the balance sheet.

NOTE 10: 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:

	<u>Local School Tax Balance 12/31/21</u>	<u>Local School Tax Balance 12/31/20</u>
Balance of Tax	\$ 913,651.00	\$ 913,651.00
Deferred	913,651.00	913,651.00
Tax Payable	<u>\$ -</u>	<u>\$ -</u>

NOTE 11: 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:

	<u>Balance 12/31/21</u>	<u>Balance 12/31/20</u>
Prepaid Taxes	\$ 950,349.90	\$ 832,479.67
Cash Liability for Taxes Collected in Advance	<u>\$ 950,349.90</u>	<u>\$ 832,479.67</u>

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

NOTE 12: PENSION FUNDS

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions 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 systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at - <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.

Defined Contribution Retirement Program (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. The City currently has 10 employees enrolled as of December 31, 2020.

Police and Fireman's Retirement System

The contribution policy for the Police and Fireman's Retirement System (PFRS) is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute to an actuarially determined rate.

Pension Plan for Lifeguards

The City of Sea Isle City has established a pension plan to provide retirement, disability, and survivor pension benefits for the individuals who serve on the City's lifeguard force. An eligible employee becomes a plan member upon employment. Employee contributions shall be withheld from the member's salary and contributed to plan for his benefit for his/her benefit. Retiree benefits are paid out of the current fund and charged to the current operating budget of the City. A plan member may retire with a pension only after his 45th birthday and after he has completed 20 years of service, the last 10 must have been completed immediately preceding his/her application.

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NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2021 AND 2020

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% through June 30, 2020 and 7.50% thereafter of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 15.49% of covered payroll. The entity's contributions to PERS for the years ended December 31, 2021, 2020, and 2019 were \$698,386.00, \$588,675.00, and \$615,233.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The current PFRS rate is 27.92% of covered payroll. The entity's contributions to PFRS for the years ended December 31, 2021, 2020, and 2019 were \$852,911.00, \$783,739.00, and \$772,872.00.

The total payroll for the year ended December 31, 2021, 2020 and 2019 was \$10,944,759.83, \$10,531,694.83, and \$10,145,876.96. Payroll covered by PFRS was \$2,273,118.00, \$2,108,321.00, and \$2,142,697.00. Payroll covered by PERS was \$5,253,335.00, \$5,058,601.00, and \$5,244,510.00.

The Lifeguard Pension provides for employee contributions of 4.00% of employees' annual compensation. The City's contributions to the Lifeguard Pension for the year ended December 31, 2021, 2020 and 2019 was \$10,000.00, \$10,000.00 and \$10,000.00. The City's trust for the Lifeguard Pension at December 31, 2021 was \$1,010,891.12. Currently there are currently no individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2021, 2020 and 2019 were \$9,358.56, \$9,358.56, and \$9,358.56.

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.

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 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS 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.

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

- 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 1/60th from 1/55th, 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 1/7th 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 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 13: 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 municipality's pension liabilities. However, due to the fact that the municipality reports on the regulatory basis of accounting, no financial statement impact will be recognized.

The following represents the municipality's pension liabilities as June 30, 2020:

Public Employees' Retirement System

The Municipality has a liability of \$11,989,581.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.07352240240%, which would be a decrease of 2.59% from its proportion measured as of June 30, 2019.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$282,982.00. At December 31, 2020, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 218,311.00	\$ (42,400.00)
Changes of assumptions	388,956.00	(5,020,151.00)
Changes in proportion	629,118.00	(478,483.00)
Net difference between projected and actual earnings on pension plan investments	409,814.00	
 Total	 <u>\$ 1,646,199.00</u>	 <u>\$ (5,541,034.00)</u>

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:

<u>Year ended June 30,</u>	
2021	\$ (1,448,452.81)
2022	(1,320,548.56)
2023	(754,659.77)
2024	(305,171.70)
2025	(66,002.16)
 Total	 <u>\$ (3,894,835.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases:	
Through 2026	2.00% – 6.00% (based on years of service)
Thereafter	3.00% - 7.00% (based on years of service)
Investment rate of return:	7.00%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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-2019.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the Municipality's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Municipality'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%)
Municipality's proportionate share of the net pension liability	\$ 14,279,557.85	\$ 11,989,581.00	\$ 10,048,971.67

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$8,077,608.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.06251380420%, which would be an increase of 7.27% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$541,685.00. At December 31, 2020, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 81,436.00	\$ (28,990.00)
Changes of assumptions	20,327.00	(2,165,558.00)
Changes in proportion	658,893.00	(487,602.00)
Net difference between projected and actual earnings on pension plan investments	473,628.00	
Total	<u>\$ 1,234,284.00</u>	<u>\$ (2,682,150.00)</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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,		
2021	\$	(675,669.21)
2022		(455,994.83)
2023		(185,638.67)
2024		(70,127.67)
2025		(60,435.61)
Total	\$	<u>(1,447,866.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

Inflation rate		
Price		2.75%
Wage		3.25%
Salary increases:		3.25% - 15.25% (based on years of service)
Investment rate of return:		7.00%

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For healthy annuitants, post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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 rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based 78% of the actuarially determine 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 to determine the total pension liability.

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

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

The following presents the collective net pension liability of the participating employers as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	10,439,918.23	8,077,608.00	6,115,581.25

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2020 State special funding situation net pension liability amount of \$2,005,329,818.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2020 State special funding situation pension expense of \$227,263,993.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2020, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.06251380420% for 2020. The net pension liability amount allocated to the Municipality was \$1,253,608.00. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$142,071.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

NOTE 14: POST-RETIREMENT BENEFITS

The City offers medical, prescription drug, life insurance, dental and vision coverage to eligible retirees and their dependents after 25 years or more of service at retirement. Police officers receive the same benefits after 20 years or more of service, however, their only eligible for single coverage. As of March 1, 2015, the medical and prescription drug benefits were administered through State Health Benefits program.

The dental and vision coverage provided to eligible retirees and their dependents is administered directly by the City. They also receive life insurance coverage, however, dependent are not eligible for this coverage.

The City of Sea Isle City contributions for post-retirement benefits for the year ended December 31, 2021, 2020, and 2019 were \$955,499.30, \$849,233.33 and \$789,115.36 respectively.

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

The City participates New Jersey State Health Benefits Program (“the SHBP”), which qualifies as a cost-sharing, multiple –employer plan in accordance with GASB Statement 75 “Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions” (“OPEB”). The SHBP is administered by the State of New Jersey, Department of Treasury, Division of Pension and Benefits.

Under the SHBP, retirees (who qualified for retiree benefits through the State but do not qualify for 100% employer paid benefits) may continue the health benefits programs in which they are enrolled at the time of retirement (may enroll in any of the SHBP retiree plans), provided the retiree pays the costs of the benefits (at the SHBP established group rates for the plan and coverage selected) for themselves and their eligible dependents. The OPEB Liability associated with the SHBP is further discussed in Note 15.

City employees are also eligible to participate in the single – employer OPEB Plan discussed below.

A retiree and their covered dependents may also receive City-paid dental and vision benefits for a period of 3 to 5 years in accordance with labor agreements if they meet any one of the following requirements:

- (1) Twenty-five (25) years or more of full-time service with Sea Isle City

The Regulatory Basis of Accounting does not permit the accrual of Actuarially determined OPEB Expenses or Liabilities. The County reports all OPEB related costs on the “pay as you go” basis. The following information is for disclosure purposes only and has not been accrued in the Financial Statements of the County.

The actuarial determined valuation of these benefits has been reviewed and will be reviewed bi-annually for the purpose of estimating the present value of future benefits for active and retired employees and their dependents as required by GASB 75.

The actuarial valuation report was based on 188 total participants including 71 retirees.

Annual OPEB Cost and Net OPEB Liability

The County’s annual OPEB cost represents the accrued cost for post-employment benefits under GASB 75. The cumulative difference between the annual OPEB cost and the benefits paid during a year will result in a net OPEB obligation. The annual OPEB cost is equal to the annual required contribution (ARC) less adjustment if a net OPEB obligation exists. The ARC is equal to the normal cost and amortization of the Unfunded Actuarial Accrued Liability (UAAL) plus interest.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrences of events fare into the future, including future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

In the December 31, 2020 actuarial valuation, the “Entry-Age-Normal as a Percentage of Salary” method was used for all participants. The actuarial assumptions used to project future costs included a discount rate of 1.93% and annual dental and vision cost trend rate of 2.0%. In addition, the unfunded actuarial accrued liability is being amortized over the maximum acceptable period of 30 years.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Other Post-employment Benefit Costs and Obligations

In the January 1, 2020 actuarial valuation, the Actuarially Determined Contribution for the year's ending December 31, 2020 were projected as follows:

		<u>12/31/2020</u>
Actuarial determined contribution	\$	1,120,885.00
Benefit payments		(141,725.00)
Net change in total OPEB liability		<u>979,160.00</u>
Covered Payroll	\$	8,833,000.00
Actuarially Determined Contribution as a % of Covered Payroll		1.60%

The following reflects the change in the Total OPEB Liability as of the January 1, 2020 valuation date for the Years ended December 31, 2020.

		<u>12/31/2020</u>
OPEB Liability, Beginning of Year	\$	12,140,907.00
Changes for the Year:		
Service Cost		254,845.00
Interest		393,483.00
Assumption Changes & Difference Between Actual & Expected Experience		1,023,401.00
Change in Actuarial Cost Method		3,219,129.00
Benefit Payments		(141,725.00)
OPEB Liability, End of Year	\$	<u><u>16,890,040.00</u></u>
Covered payroll (for Covered Participants)	\$	8,833,000.00
Total OPEB liability as a percentage of covered payroll		191.22%

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

Sensitivity of the total OPEB liability to changes in the discount rate.

The January 1, 2020 valuation was prepared using a discount rate of 1.93%. If the discount rate were 1% higher than what was used in this valuation, the Total OPEB Liability would decrease to \$14,665,646.00 or by 2.93%. If the discount rate were 1% lower than was used in this valuation, the Total OPEB Liability would increase to \$19,114,435.00 or by 0.93%.

	Discount Rate		
	1% Decrease	Baseline 1.93%	1% Increase
Total OPEB Liability	\$ <u>19,114,435.00</u>	\$ <u>16,890,040.00</u>	\$ <u>14,665,646.00</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The January 1, 2020 valuation was prepared using an initial trend rate of 8.00% decreasing to 5.00%. If the trend rate were 1% higher than what was used in this valuation, the Total OPEB Liability would increase to \$20,336,130.00 or by 9.00% decreasing to 6.00%. If the trend rate were 1% lower than was used in this valuation, the Total OPEB Liability would decrease to \$14,000,491.00 or by 7.00% decreasing to 4.00%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 0.00%	1% Increase
Total OPEB Liability	\$ <u>14,000,491.00</u>	\$ <u>16,890,040.00</u>	\$ <u>20,336,130.00</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City's Actuarially determined OPEB expense was 1,352,858.00. At December 31, 2020, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in January 1, 2020 OPEB Liability due to Actuarial experience different from expected and actuarial assumption changes	\$ 3,535,441.00	\$ 10,235.00
Total	\$ <u>3,535,441.00</u>	\$ <u>10,235.00</u>

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

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

For the Year Ending December 31,	
2021	\$ 704,530.00
2022	704,530.00
2023	704,530.00
2024	704,530.00
2025	707,089.00
Thereafter	-
	<u>\$ 3,525,209.00</u>

NOTE 15 – OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

The City offers Other Post-Retirement Benefits (OPEB) to its employees through the State Health Benefit Local Government Retired Employees Plan (the Plan) a cost-sharing multiple employer defined benefit other postemployment benefit plan. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

<https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

The Plan provides medical and prescription drug to retirees and their covered dependents of the participating employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees. Under Chapter 48, the employer may assume the cost of post retirement medical coverage for employees and their dependents who:

1) retired on a disability pension;

or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer;

or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations agreement.

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

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

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation, where applicable, and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2020 were \$5,512,481,278 and \$12,598,993,950, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Net OPEB Liability:

Components of Net OPEB Liability

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2020 is as follows:

	June 30, 2020	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,111,475,228.00	\$ 30,243,810.00
Plan Fiduciary Net Position	164,862,282.00	275,299.00
Net OPEB Liability	<u>\$ 17,946,612,946</u>	<u>\$ 29,968,511</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	0.91%

At June 30, 2020 the City's proportionate share of the Collective Net OPEB Liability was \$29,968,511.00. The City's proportion of the Collective Net OPEB Liability was 0.166987% which was an increase from the prior year of 6.10%.

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

For the Year ended June 30, 2020 the City's Total OPEB Expense was \$206,825.00. The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases*:	
PERS Initial fiscal year applied	
Rate through 2026	2.00% to 6.00%
Rate thereafter	3.00% to 7.00%
PFRS	
Rate for all future years	3.25% to 15.25%

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

Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2020

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

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

The following presents the Net OPEB liability as of June 30, 2020, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Collective			
Net OPEB Liability	\$ 21,216,688,254.00	\$ 17,946,612,946.00	\$ 15,358,051,000.00
Proportionate Share			
Net OPEB Liability	\$ 35,429,111.73	\$ 29,968,511.00	\$ 25,645,949.00

Sensitivity of Net OPEB Liability to Changes in the Healthcare Trend Rate

The following presents the net OPEB liability as of June 30, 2020, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Collective			
Net OPEB Liability	\$ 14,850,840,718.00	\$ 17,946,612,946.00	\$ 22,000,569,109.00
Proportionate Share			
Net OPEB Liability	\$ 24,798,973.75	\$ 29,968,511.00	\$ 36,738,090.88

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	<u>Collective Totals</u>		<u>Proportionate Share</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 472,699,992.00	\$ (3,341,994,109.00)	\$ 789,348.00	(5,580,696.00)
Changes of assumptions	2,684,248,513.00	(3,991,049,511.00)	4,482,346.00	(6,664,534.00)
Net difference between projected and actual earnings on OPEB plan investments	11,397,084.00		19,032.00	
Changes in proportion and differences between contributions and proportionate share of contributions			3,816,411.00	(3,302,603.00)
Total	<u>\$ 3,168,345,589.00</u>	<u>\$ (7,333,043,620.00)</u>	<u>\$ 9,107,137.00</u>	<u>\$ (15,547,833.00)</u>

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Collective Totals	Proportionate Share
2021	\$ (964,720,007.00)	\$ (1,491,937.29)
2022	(965,594,678.00)	(1,493,289.97)
2023	(967,008,484.00)	(1,495,476.41)
2024	(968,300,349.00)	(1,497,474.28)
2025	(660,258,014.00)	(1,021,087.51)
Thereafter	361,183,501.00	558,569.46
Total	\$ <u>(4,164,698,031.00)</u>	\$ <u>(6,440,696.00)</u>

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2020 are as follows:

Service cost	\$ 605,949,339
Interest on Total OPEB Liability	497,444,533
Expected Investment Return	(7,632,336)
Administrative Expenses	9,913,267
Changes of Benefit Terms	1,034,142
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(550,598,668)
Changes in Assumptions	(418,656,482)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,535,144
Total Collective OPEB Expense	\$ <u>141,988,939</u>

Schedule of City's Share of Net OPEB Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	\$ 0.166987%	0.157380%	0.167048%
City's Share of Net OPEB Liability	29,968,511.00	21,318,807.00	26,170,772.00
City's Covered Payroll	7,166,922.00	7,390,150.60	7,291,553.00
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	418.15%	288.48%	358.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.97%	1.97%	1.98%

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

NOTE 16: ACCRUED SICK AND VACATION BENEFITS

The entity has permitted employees to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The monetary value of these earned and unused employee benefits has not been accrued by either charges to operations or to budgets of prior years, although in some cases they might be material, since the realization of this liability may be affected by conditions which preclude an employee from receiving full payment of the accrual. At December 31, 2021, the City estimates this liability to approximate \$1,510,383.47 based on 2021 pay rates and compensated absence balances. At December 31, 2020, the liability was \$1,508,203.93. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The entity does not accrue the liability.

NOTE 17: ECONOMIC DEPENDENCY

The City of Sea Isle City is not economically dependent on any one business or industry as a major source of tax revenue for the entity.

NOTE 18: RISK MANAGEMENT

The entity 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.

Property and Liability Insurance - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2021 and 2020 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The entity is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The entity 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 entity has a general liability limit of \$50,000 under JIF, which increases to \$1,000,000 under MEL.

NOTE 19: DEFERRED COMPENSATION

The Employees of the City of Sea Isle City 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 entity. 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 entity has an obligation of due care in selecting the third-party administrator. In the opinion of the entity's legal counsel, the entity has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

The plan administrators are Nationwide and VALIC/AIG. There are 25 and 41 employees who participate respectively.

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

NOTE 20: CONTINGENT LIABILITIES

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

NOTE 21: INTERFUND BALANCES

During the most current calendar year ended December 31, 2021, the following inter-funds were included on the balance sheets of the various funds of the City of Sea Isle City:

	<u>Due From</u>	<u>Due To</u>
Current Fund:		
Grant Fund	\$ -	\$ 125,650.22
Grant Fund:		
Current Fund	125,650.22	-
Trust Fund:		
Tax Title Lien	-	5,000.00
Lifeguard Pension	5,000.00	-
	<u>\$ 130,650.22</u>	<u>\$ 130,650.22</u>

The amounts due to the Grant fund from the Current fund is due to there is only one bank account for the Current Fund and the Grant Fund. There was also an inter-fund between two Trust accounts, Lifeguard Pension and Tax Title Lien in the amount of \$5,000.00. This was the result of an incorrect deposit posting of cash between the two accounts. This will be corrected in 2021. No other significant inter-funds existed at year-end.

NOTE 22: LENGTH OF SERVICE AWARDS PROGRAM

During the 2004 calendar year, the voters of the City of Sea Isle City approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which is defined as firefighting 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 will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The City appropriated \$75,000.00 and \$75,000.00 in 2021 and 2020 budgets, respectively for contributions to the LOSAP for volunteers who have met the established criteria.

The LOSAP is administered by an unrelated financial institution. 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 City subject only to the claims of the City’s general creditors. In addition, the participants in the plan have rights equal to those of the general creditors of the City, and each participant’s rights are equal to his or her share of the fair market value of the plan assets. The City believes that it is unlikely that plan assets will be needed to satisfy claims of general creditors that might arise.

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

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

NOTE 23: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through July 29, 2022, the date which the financial statements were available to be issued and identified no other events requiring disclosure.

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SUPPLEMENTARY INFORMATION

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund
Balance December 31, 2020	\$ 12,108,744.09	-
Increased by Receipts:		
Tax Collector	37,059,739.47	-
Revenue Accounts Receivable	5,584,000.05	-
Miscellaneous Revenue	162,921.18	-
State of New Jersey:		
Senior Citizen and Veterans Deductions	23,250.00	-
Marriage Licenses	1,125.00	-
Payroll Deductions Payable	11,775,967.30	-
Issuing Change Fund	5,400.00	-
Issuing Petty Cash Fund	1,000.00	-
Due to Tourism Commission	85,675.00	-
Due to Grant Fund	150,472.26	-
Due to Current Fund	-	57,631.69
Due to Animal Control Fund	100.00	-
Federal and State Unallocated	-	135,076.25
Federal and State Receivables	-	15,396.01
	54,849,650.26	208,103.95
	66,958,394.35	208,103.95
Decreased by Disbursements:		
Current Year Appropriation	22,672,415.33	-
Prior Year Appropriations	1,029,492.68	-
County Taxes	16,415,297.74	-
Local District School Taxes	1,827,302.00	-
Refund of Tax Overpayments	8,596.45	-
Payroll Taxes Paid	11,776,288.98	-
Return of Seasonal Change Funds	5,400.00	-
Return of Petty Cash Funds	1,000.00	-
Due to Grant Fund	57,631.69	-
Due to Tourism Commission	85,675.00	-
State of New Jersey:		
Marriage Licenses	1,125.00	-
Due to Current Fund	-	150,472.26
Federal and State Disbursements	-	57,631.69
	53,880,224.87	208,103.95
Balance December 31, 2021	\$ 13,078,169.48	-

See Accompanying Auditor's Report

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

Balance December 31, 2020		\$	-
Increased by Receipts:			
Prepaid Taxes	947,088.40		
Taxes Receivable	36,048,465.54		
Revenue Accounts Receivable	64,185.53		
			37,059,739.47
			37,059,739.47
Payments to Treasurer			37,059,739.47
Balance December 31, 2021		\$	-

See Accompanying Auditor's Report

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

Balance December 31, 2020	\$	9,420.64
Increased by:		
Transfers from Taxes Receivable		106.97
		<hr/>
		106.97
		<hr/>
Balance December 31, 2021	\$	<u>9,527.61</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF ADMINISTRATION					
General Administration					
Salaries and Wages	15,910.90	15,910.90	15,909.70	1.20	-
Other Expenses	132,058.25	132,058.25	95,322.22	36,736.03	-
Mayor					
Other Expenses	1,445.26	1,445.26	295.00	1,150.26	-
City Council					
Other Expenses	5,764.43	5,764.43	26.65	5,737.78	-
Municipal Clerk					
Salaries and Wages	11,238.53	11,238.53	6,292.60	4,945.93	-
Other Expenses	23,504.98	23,504.98	4,055.86	19,449.12	-
Elections					
Salaries and Wages	5,074.60	5,074.60	114.16	4,960.44	-
Other Expenses	13,625.00	13,625.00	-	13,625.00	-
Municipal Engineer					
Other Expenses	19,373.75	19,373.75	2,897.97	16,475.78	-
Fire Inspector					
Salaries and Wages	1,212.60	1,212.60	837.02	375.58	-
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Insurance					
Surety Bond Premiums	910.00	910.00	-	910.00	-
Reserve for Insurance	20,100.00	20,100.00	-	20,100.00	-
Other Expenses	5,735.17	5,735.17	765.17	4,970.00	-
General Liability	21,635.33	21,635.33	-	21,635.33	-
Workers Compensation Insurance		-	-	-	-
Employee Group Health	454,300.87	454,300.87	39,138.91	415,161.96	-
Health Benefit Waiver (Salaries & Wages)	5,038.54	5,038.54	-	5,038.54	-
DEPARTMENT OF LAW					
Legal Services and Costs					
Other Expenses	124,212.58	124,212.58	33,337.11	90,875.47	-
Municipal Prosecutor					
Other Expenses	22,500.00	22,500.00	22,500.00	-	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF FINANCE					
Financial Administration					
Salaries and Wages	2,552.05	2,552.05	2,552.00	0.05	-
Other Expenses	23,900.00	23,900.00	23,900.00	-	-
Postage		-		-	-
Audit Services					
Miscellaneous Other Expenses	22,299.69	22,299.69	9,323.10	12,976.59	-
Collection of Taxes					
Salaries and Wages	15,344.03	15,344.03	4,658.97	10,685.06	-
Other Expenses	6,695.28	6,695.28	-	6,695.28	-
Liquidation of Tax Title Liens & Foreclosed Property					
Other Expenses	750.00	750.00	-	750.00	-
Assessment of Taxes					
Salaries and Wages	10,716.02	10,716.02	8,865.57	1,850.45	-
Other Expenses	14,401.14	14,401.14	2,842.40	11,558.74	-
Street Signals and Safety Lanes					
Salaries and Wages	2,976.58	2,976.58	-	2,976.58	-
Other Expenses	40,206.43	40,206.43	5,149.29	35,057.14	-
Bathing Beaches					
Salaries and Wages	51,784.47	51,784.47	-	51,784.47	-
Other Expenses	37,019.97	37,019.97	27,999.84	9,020.13	-
Marina					
Salaries and Wages	2,191.50	2,191.50	-	2,191.50	-
Other Expenses	10,197.93	10,197.93	344.54	9,853.39	-
Shade Tree Commission					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Environmental Commission (NJS 40:56A-1, et seq.)					
Salaries and Wages	40.73	40.73	-	40.73	-
Other Expenses	1,241.46	1,241.46	-	1,241.46	-
DEPARTMENT OF POLICE					
Police					
Salaries and Wages	340,125.73	340,125.73	130,438.35	209,687.38	-
Other Expenses	77,929.34	77,929.34	58,498.17	19,431.17	-
Emergency Management Services					
Salaries and Wages	897.97	897.97	672.65	225.32	-
Other Expenses	2,100.00	2,100.00	-	2,100.00	-

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Fire					
Salaries and Wages	19,534.10	19,534.10	-	19,534.10	-
Other Expenses	174,367.30	174,367.30	48,619.02	125,748.28	-
Emergency Medical Services					
Salaries and Wages	57,816.95	57,816.95	6,818.39	50,998.56	-
Other Expenses	42,554.27	42,554.27	24,976.29	17,577.98	-
Maintenance - Vehicles					
Salaries and Wages	3,065.00	3,065.00	-	3,065.00	-
Other Expenses	25,847.80	25,847.80	11,346.88	14,500.92	-
Lifeguards					
Salaries and Wages	-	-	-	-	-
Other Expenses	46,678.22	46,678.22	46,677.25	0.97	-
Animal Control Contract					
Contractual	16,659.00	16,659.00	-	16,659.00	-
DEPARTMENT OF PUBLIC WORKS					
Administration of Public Works					
Salaries and Wages	40,990.36	40,990.36	2,947.16	38,043.20	-
Other Expenses	18,105.42	18,105.42	2,100.00	16,005.42	-
Road Repairs and Maintenance					
Salaries and Wages	103,093.12	103,093.12	-	103,093.12	-
Other Expenses	35,473.18	35,473.18	11,664.79	23,808.39	-
Street Cleaning					
Salaries and Wages	73,171.64	73,171.64	71.82	73,099.82	-
Other Expenses	37,383.08	37,383.08	4,585.11	32,797.97	-
Solid Waste Management (40A:4-45.32)					
Salaries and Wages	16,295.60	16,295.60	2,872.28	13,423.32	-
Other Expenses	26,657.67	26,657.67	14,346.98	12,310.69	-
Garbage and Trash Removal					
Salaries and Wages	21,683.51	21,683.51	2,524.37	19,159.14	-
Other Expenses					
Contractual					
Miscellaneous Other Expenses	10,785.41	15,785.41	12,393.69	3,391.72	-
Public Buildings and Grounds	42,301.25	42,301.25	6,421.20	35,880.05	-
Salaries and Wages					
Salaries and Wages	117,614.28	117,614.28	882.00	116,732.28	-
Other Expenses	55,735.93	55,735.93	7,596.55	48,139.38	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Shore Protection					
Salaries and Wages	47,491.57	47,491.57	1,882.86	45,608.71	-
Other Expenses	95,643.72	90,643.72	23,778.65	66,865.07	-
Americans with Disabilities Act					
Other Expenses	1,828.40	1,828.40	-	1,828.40	-
Historical Commission					
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Demolition of Buildings					
DEPARTMENT OF COMMUNITY DEVELOPMENT					
Municipal Land Use Law (NJSA 40:55D-1)					
Zoning Board					
Salaries and Wages	1,276.60	1,276.60	324.58	952.02	-
Other Expenses	3,608.00	3,608.00	666.67	2,941.33	-
Planning Board					
Salaries and Wages	2,058.58	2,058.58	259.99	1,798.59	-
Other Expenses	17,432.07	17,432.07	12,378.50	5,053.57	-
Preparation of Master Plan					
DEPARTMENT OF COMMUNITY SERVICES					
Recreation					
Salaries and Wages	54,803.92	54,803.92	4,986.42	49,817.50	-
Other Expenses	120,021.03	120,021.03	3,401.75	116,619.28	-
Expense of Participation in Free County Library					
Salaries and Wages	2,405.54	2,405.54	182.10	2,223.44	-
Tourism					
Salaries and Wages	42,209.58	42,209.58	3,716.42	38,493.16	-
Other Expenses	210,156.45	210,156.45	19,500.00	190,656.45	-
DEPARTMENT OF MUNICIPAL COURT					
Municipal Court					
Salaries and Wages	10,149.40	10,149.40	7,425.18	2,724.22	-
Other Expenses	15,662.84	15,662.84	565.00	15,097.84	-

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Code Official	12,024.38	12,024.38	12,022.89	1.49	-
Salaries and Wages	32,071.61	32,071.61	15,000.00	17,071.61	-
Other Expenses					
Plumbing Inspector					
Salaries and Wages	813.81	813.81	792.54	21.27	-
UNCLASSIFIED					
Computer Services All Departments	15,462.40	15,462.40	(180.44)	15,642.84	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	18,409.60	18,409.60	1,966.59	16,443.01	-
Street Lighting	25,472.28	25,472.28	791.15	24,681.13	-
Telephone	13,235.40	13,235.40	6,619.00	6,616.40	-
Natural Gas	30,592.42	30,592.42	11,288.67	19,303.75	-
Fuel Oil	2,000.00	2,000.00	-	2,000.00	-
Gasoline	83,135.28	83,135.28	3,756.26	79,379.02	-
Water and Sewer	19,927.13	19,927.13	-	19,927.13	-
Contingent	3,000.00	3,000.00	-	3,000.00	-
STATUTORY EXPENDITURES					
Contributions to:					
Public Employees' Retirement System	15,000.00	15,000.00	15,000.00	-	-
Social Security System (O.A.S.I)	32,788.79	32,788.79	467.44	32,321.35	-
Police and Firemen's Retirement System	15,000.00	15,000.00	15,000.00	-	-
Unemployment Compensation Insurance	3,831.57	3,831.57	1,910.89	1,920.68	-
DCRP	4,249.55	4,249.55	-	4,249.55	-
OPERATIONS EXCLUDED FROM "CAPS"					
LOSAP	75,000.00	75,000.00	40,890.00	34,110.00	-
	<u>\$ 3,562,586.12</u>	<u>3,562,586.12</u>	<u>907,974.14</u>	<u>2,654,611.98</u>	<u>-</u>

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

Balance December 31, 2020			
School Tax Payable	\$	-	
School Tax Deferred		913,651.00	
		913,651.00	\$ 913,651.00
Increased by:			
Levy - School Year July 1, 2020 to June 30, 2021			1,827,302.00
Decreased by:			
Payments			1,827,302.00
Balance December 31, 2021			
School Tax Payable		-	
School Tax Deferred		913,651.00	
		913,651.00	913,651.00
Current Year Liability for Local School District School Tax:			
Tax Paid			1,827,302.00
Tax Payable Ending			-
			1,827,302.00
Less: Tax Payable Beginning			-
Amount charged to Current Year Operations			\$ 1,827,302.00

See Accompanying Auditor's Report

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

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred From 2021 Revenues	Received	Adjustments	Balance Dec. 31, 2021
FEDERAL GRANTS:					
COPS in Shops 2021-22	\$ -	8,360.00	8,287.57	72.43	0.00
Total Federal	<u>-</u>	<u>8,360.00</u>	<u>8,287.57</u>	<u>72.43</u>	<u>0.00</u>
STATE GRANTS:					
Body Armor - 2020-21	\$ 1,789.04	-	1,789.04	-	-
Body Armor - 2021-22	-	1,298.89	-	-	1,298.89
Body Worn Camera 21-22	-	122,280.00	-	-	122,280.00
Click or Ticket	-	6,000.00	5,319.40	680.60	-
Total State	<u>1,789.04</u>	<u>129,578.89</u>	<u>7,108.44</u>	<u>680.60</u>	<u>123,578.89</u>
	<u>\$ 1,789.04</u>	<u>137,938.89</u>	<u>15,396.01</u>	<u>753.03</u>	<u>123,578.89</u>

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

	Balance December 31, 2020	2021						
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2021	
FEDERAL GRANTS:								
Cops in Shops 2021-2022	\$ -	-	8,360.00	8,287.57	-	72.43	0.00	
Total Federal	-	-	8,360.00	8,287.57	-	72.43	0.00	
STATE GRANTS:								
Click it or Ticket 21-22	-	-	6,000.00	5,319.40	-	680.60	-	
Clean Communities 2021-2022	-	-	27,134.02	27,134.02	-	-	-	
Body Armor 2021-2022	-	-	1,789.04	-	1,415.00	-	374.04	
Body Worn Cameras 21-22	-	-	122,280.00	16,890.70	8,239.00	-	97,150.30	
Drunk Driving Enforcement Grant 2020-21	3,175.63	-	-	-	-	-	3,175.63	
LOCAL GRANTS:								
SJ Gas 1st responder - Police Armor	-	-	2,500.00	-	-	-	2,500.00	
Total State/Local :	3,175.63	-	159,703.06	49,344.12	9,654.00	680.60	103,199.97	
Total :	\$ 3,175.63	-	168,063.06	57,631.69	9,654.00	753.03	103,199.97	

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

<u>Purpose</u>	<u>Balance Dec. 31, 2020</u>	<u>Transferred To 2021 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2021</u>
STATE GRANTS:					
ARP Funding Grant	-	-	106,186.25	-	106,186.25
Body Armor 2020-2021	1,789.04	1,789.04	-	-	-
Body Armor 2021-2022	-	-	1,298.89	-	1,298.89
Clean Communities 2019-2020	27,134.02	27,134.02	-	-	-
Clean Communities 2020-2021	-	-	28,890.00	-	28,890.00
SJ Gas 1st Responder	2,500.00	2,500.00	-	-	-
Total State	<u>31,423.06</u>	<u>31,423.06</u>	<u>136,375.14</u>	<u>-</u>	<u>136,375.14</u>
	<u>\$ 31,423.06</u>	<u>31,423.06</u>	<u>136,375.14</u>	<u>-</u>	<u>136,375.14</u>

**TRUST FUND
SCHEDULE OF ANIMAL CONTROL CASH - TREASURER**

Balance December 31, 2020	\$	547.80
Increased By Receipts:		
Dog Licenses Fees - City portion	96.00	
State License Fees - State portion	31.80	
		127.80
		675.60
Decreased By Disbursements:		
State of New Jersey	31.80	
Due to Current Fund	100.00	
Animal Control Expenditures	324.00	
		455.80
Balance December 31, 2021	\$	219.80

**TRUST FUND
SCHEDULE OF OTHER TRUST CASH - TREASURER**

	Other	Assessment
Balance December 31, 2020	\$ 2,359,128.36	\$ 99,148.39
Increased By Receipts:		
Retirement Trust	5,000.00	-
Building Inspectors Office	599,878.97	-
Lifeguard Pension	38,669.78	-
Tennis Fees	45,557.86	-
Cafeteria Plan	5,610.00	-
Donations	100.00	-
Police Forfeited Property	0.08	-
Site Plan	119,659.18	-
Escrow - Rental Bonds	5,092.73	-
Escrow - Trustee	116,939.49	-
DCA Fees	24,788.00	-
POAA	1,952.00	-
Affordable Housing	17,732.90	-
Recycling Fees	35,392.23	-
Environmental Fees	19,750.00	-
Street Openings	14,510.56	-
Police Lost & Found Cash	1,326.19	-
Tourism Fees	85,675.00	-
Tax Title Lien Redemption:	18,731.83	-
Redemption of Tax Sale Certificates	-	-
Premiums	-	11,349.33
Assessments Received	1,548.62	-
Interest on Investments	-	-
	1,157,915.42	11,349.33
	3,517,043.78	110,497.72
Decreased By Disbursements:		
Tennis Fees	6,275.00	-
Building Inspectors Account	599,878.97	-
Cafeteria Plan	7,319.58	-
Lifeguard Pension	9,358.56	-
Site Plan	91,916.55	-
Escrow - Rental Bonds Returned	9,624.09	-
Escrow - Trustee - Returned	185,531.10	-
Police Lost & Found Cash	633.20	-
Recycling	34,152.67	-
Refunds of Tax Sale Certificates	10,100.00	-
Tax Title Lien Redemptions	19,916.83	-
Due to State DCA (SUCC)	23,347.00	-
Environmental Commission	18,440.18	-
Street Openings	19,227.83	-
Tourism	61,807.46	-
Due to Current - Interest	666.48	-
	1,098,195.50	-
Balance December 31, 2021	2,418,848.28	110,497.72

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF RESERVE/(DEFICIT) FOR ANIMAL CONTROL EXPENDITURES**

Balance December 31, 2020		\$	447.80
Increased By:			
Dog Licenses Fees Collected	96.00		
			96.00
			543.80
Decreased By Disbursements:			
Animal Control Expenditures	324.00		
			324.00
Balance December 31, 2021		\$	219.80

License Fees Collected	<u>Year</u>	
	2020	196.00
	2021	100.00
		296.00

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

Balance December 31, 2020		\$	-
Increased By:			
Collected in 2021	31.80		
			31.80
			31.80
Decreased By:			
Paid to State of New Jersey	31.80		
			31.80
Balance December 31, 2021		\$	-

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR LIFEGUARD PENSION

Balance December 31, 2020		\$ 985,726.15
Increased By Receipts:		
Employee Withholdings	28,669.78	
City Contribution	10,000.00	
Interest on Deposits	853.75	
		39,523.53
Decreased By Disbursements:		
Retirement Payouts	9,358.56	
Due to Current	5,000.00	
		14,358.56
Balance December 31, 2021		\$ <u><u>1,010,891.12</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR RETIREMENT

Balance December 31, 2020		\$	91,232.77
Increased By Receipts:			
City Contribution			5,000.00
Interest on Deposits			28.49
			5,028.49
Balance December 31, 2021		\$	96,261.26

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR TENNIS FEES

Balance December 31, 2020		\$ 174,336.81
Increased By Receipts:		
Parking Meters	533.76	
Tennis Fees	45,024.10	
Interest on Deposits	664.56	
	<hr/>	<hr/> 46,222.42
Decreased By Disbursements:		
Tennis Expenditures	6,275.00	
Due to Current	664.56	
	<hr/>	<hr/> 6,939.56
Balance December 31, 2021		\$ <u><u>213,619.67</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR CAFETERIA PLAN

Balance December 31, 2020		\$	3,251.07
Increased By Receipts:			
Employee Contributions	5,610.00		
Interest on Investments	1.82		
	<hr/>		<hr/>
			5,611.82
Decreased By Disbursements:			
Medical Reimbursements	7,319.58		
Due to Current - Interest	1.92		
	<hr/>		<hr/>
			7,321.50
Balance December 31, 2021		\$	<u><u>1,541.39</u></u>

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

Balance December 31, 2020		\$	6,432,823.29
Increased by:			
Budget Appropriation :			
Capital Improvement Fund	1,150,000.00		
Ordinance #1652	1,046,605.00		
Reserve to Pay Bonds	1,064,618.08		
			3,261,223.08
			9,694,046.37
Decreased by:			
Improvement Authorizations	4,436,470.60		
Reserve to Pay Bonds	800,000.00		
			5,236,470.60
Balance December 31, 2021		\$	4,457,575.77

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 970,126.79	-	-	-	-	-	-	415,126.79
Capital Improvement Fund	18,925.00	1,150,000.00	-	-	555,000.00	-	-	1,028,675.00
Encumbrances Payable	3,661,944.17	-	-	-	3,661,944.17	4,082,081.86	-	4,082,081.86
Bond Proceeds to Pay Notes	-	-	-	-	-	-	-	-
Reserve to Pay Bonds & Notes	200,873.80	-	-	-	-	-	-	200,873.80
Reserve to Pay Bonds	2,601,612.29	1,064,618.08	-	-	-	-	-	2,866,230.37
Reserve to Pay Notes - Ordinance #1555	251,804.15	-	-	-	-	-	-	251,804.15
<u>Improvement Authorizations:</u>								
1503 Various Capital Improvements	4,209.42	-	-	(8.50)	-	955.00	955.00	4,217.92
1588 Various Capital Improvements	13,715.21	-	-	50,114.87	-	11,221.32	48,628.20	1,007.22
1592 Purchase of Fire Truck	-	-	-	-	-	-	-	-
1603 Purchase of Dump Truck/Loader/Flat Bed	-	-	-	-	-	-	-	-
1606 Various Capital Improvements	21,620.85	-	-	105,060.05	-	11,915.75	100,568.30	5,213.35
1623 Various Capital Improvements	11,737.19	-	-	623,424.62	-	121,585.75	737,187.92	3,914.74
1634 Various Capital Improvements	(237,621.93)	-	-	1,250,793.87	-	711,146.42	1,668,841.43	(530,720.79)
1635 Various Capital Improvements	73,703.38	-	-	-	-	-	-	73,703.38
1651 Various Capital Improvements	11,232.00	-	-	10,370.26	-	-	1,560.00	2,421.74
1652 Various Capital Improvements	(1,171,059.03)	1,046,605.00	-	1,935,140.22	-	2,143,009.31	1,104,203.32	(3,098,400.24)
1660 Various Capital Improvements	-	-	-	203,959.99	-	8,069.90	300,000.00	87,970.11
1670 Various Capital Improvements	-	-	-	254,234.77	-	-	255,000.00	765.23
1675 Various Capital Improvements	-	-	-	3,380.45	-	1,074,178.41	140,250.00	(937,308.86)
	\$ 6,432,823.29	3,261,223.08	-	4,436,470.60	800,000.00	8,439,276.03	8,439,276.03	4,457,575.77

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

Balance December 31, 2020		\$	18,925.00
Increased by:			
Current Budget Appropriation	1,150,000.00		
	<hr/>		<hr/>
			1,150,000.00
			1,168,925.00
Decreased by:			
Improvement Authorizations Funded - Ordinance #1675	140,250.00		
	<hr/>		<hr/>
			140,250.00
Balance December 31, 2021		\$	<u>1,028,675.00</u>

See Accompanying Auditor's Report

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

Balance December 31, 2020		\$	43,800,000.00
Decreased by:			
General Serial Bonds Payments	3,990,000.00		
	<hr/>		<hr/>
			3,990,000.00
Balance December 31, 2021		\$	<u><u>39,810,000.00</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Authorizations		Balance December 31, 2021		
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Funded	Unfunded	
1503	Various Capital Improvements	7/19/2011	3,600,000	-	-	-	-	4,217.92	-	
1588	Various Capital Improvements	3/15/2016	4,200,000	-	-	-	-	1,007.22	-	
1592	Purchase of Fire Truck	6/14/2016	560,000	-	-	-	-	-	-	
1603	Purchase of Dump Truck/Loader/Flat Bed	3/14/2017	230,000	-	-	-	-	-	-	
1606	Various Capital Improvements	3/28/2017	3,185,000	-	-	-	-	5,213.35	-	
1623	Various Capital Improvements	7/24/2018	4,425,000	-	-	-	-	3,914.74	-	
1634	Various Capital Improvements	7/23/2019	5,900,000	782,378.07	-	-	-	-	489,279.21	
1635	Various Capital Improvements	7/23/2019	2,100,000	1,995,000.00	-	-	-	73,703.38	1,995,000.00	
1651	Various Capital Improvements	4/14/2020	109,000	-	-	-	-	2,421.74	-	
1652	Various Capital Improvements	5/12/2020	6,450,000	4,956,440.97	-	-	-	-	1,982,494.76	
1660	Various Capital Improvements	1/26/2021	300,000	-	-	300,000.00	-	87,970.11	-	
1670	Various Capital Improvements	5/25/2021	255,000	-	-	255,000.00	-	765.23	-	
1675	Various Capital Improvements	9/14/2021	2,805,000	-	-	140,250.00	2,664,750.00	-	1,727,441.14	
				\$	136,218.05	7,733,819.04	695,250.00	2,664,750.00	179,213.69	6,194,215.11

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
General Obligation Bonds of 2012	4/15/2012	11,640,000	4/15/2022	1,000,000.00	2.750%	5,200,000.00	-	1,000,000.00	4,200,000.00
			4/15/2023	1,000,000.00	3.000%				
			4/15/2024	1,100,000.00	3.000%				
			4/15/2025	1,100,000.00	3.000%				
General Obligation Bonds of 2015	9/15/2015	8,500,000	9/15/2022	900,000.00	2.000%	5,350,000.00	-	850,000.00	4,500,000.00
			9/15/2023	900,000.00	2.125%				
			9/15/2024	900,000.00	3.000%				
			9/15/2025	900,000.00	3.000%				
			9/15/2026	900,000.00	3.000%				
General Obligation Bonds of 2016	10/13/2016	14,000,000	11/1/2022	730,000.00	3.000%	12,880,000.00	-	600,000.00	12,280,000.00
			11/1/2023	800,000.00	3.000%				
			11/1/2024	850,000.00	3.000%				
			11/1/2025	880,000.00	3.000%				
			11/1/2026	900,000.00	3.000%				
			11/1/2027	900,000.00	2.125%				
			11/1/2028	940,000.00	3.000%				
			11/1/2029	940,000.00	3.000%				
			11/1/2030	950,000.00	3.000%				
			11/1/2031	990,000.00	3.000%				
			11/1/2032	1,100,000.00	3.000%				
			11/1/2033	1,100,000.00	3.000%				
			11/1/2034	1,200,000.00	3.000%				
General Obligation Bonds of 2019	8/28/2019	21,800,000	9/1/2022	1,760,000.00	3.000%	20,370,000.00	-	1,540,000.00	18,830,000.00
			9/1/2023	1,880,000.00	3.000%				
			9/1/2024	2,100,000.00	3.000%				
			9/1/2025	2,310,000.00	3.000%				
			9/1/2026	2,530,000.00	3.000%				
			9/1/2027	2,640,000.00	2.000%				
			9/1/2028	2,750,000.00	2.000%				
			9/1/2029	2,860,000.00	2.000%				
\$						<u>43,800,000.00</u>	<u>-</u>	<u>3,990,000.00</u>	<u>39,810,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Debt Issued	Other	Balance Dec. 31, 2021
1634	Various Capital Improvements	\$ 1,020,000.00	-	-	-	1,020,000.00
1635	Various Capital Improvements	1,995,000.00	-	-	-	1,995,000.00
1652	Various Capital Improvements	6,127,500.00	-	-	1,046,605.00	5,080,895.00
1675	Various Capital Improvements	-	2,664,750.00	-	-	2,664,750.00
		<u>\$ 9,142,500.00</u>	<u>2,664,750.00</u>	<u>-</u>	<u>\$ 1,046,605.00</u>	<u>10,760,645.00</u>

**WATER AND SEWER UTILITY FUND
SCHEDULE OF CASH - TREASURER**

	Operating Fund	Assessment Trust Fund	Capital Fund
Balance December 31, 2020	7,160,869.63	77,581.07	2,352,191.90
Increased by Receipts:			
Collector	8,859,124.64	-	-
Miscellaneous Revenue	174,820.47	-	-
Penalties	13,365.34	-	-
Appropriation Reserve Refunds	527.80	-	-
Budget Appropriation - Ordinance #1636	-	-	1,000,000.00
Prepaid Rents	352,522.17	-	-
	<u>9,400,360.42</u>	<u>-</u>	<u>1,000,000.00</u>
	16,561,230.05	77,581.07	3,352,191.90
Decreased by Disbursements:			
Current Year Appropriation	9,292,672.05	-	-
Prior Year Appropriations	412,919.62	-	-
Accounts Payable	2,398.98	-	-
Improvement Authorizations	-	-	1,420,405.17
Accrued Interest on Bonds and Notes	75,168.48	-	-
	<u>9,783,159.13</u>	<u>-</u>	<u>1,420,405.17</u>
Balance December 31, 2021	<u>6,778,070.92</u>	<u>77,581.07</u>	<u>1,931,786.73</u>

**WATER AND SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2020		Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2021
			Miscellaneous			Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 1,210,808.13	-	-	-	-	-	-	-	-	1,210,808.13
Encumbrance Payable	1,039,786.20	-	-	-	-	-	-	-	209,368.54	209,368.54
Reserve to Pay Bonds	259,000.00	-	-	-	-	-	-	-	-	259,000.00
Improvement Authorizations:										
Ord. Number										
1437	Various Improvements	-	-	-	-	-	-	-	-	-
1479	Various Improvements	-	-	-	-	14,310.65	-	2,019.10	-	12,169.75
1483	Various Improvements	78,556.69	-	-	-	-	-	-	-	-
1495	Various Improvements	-	-	-	-	-	-	-	-	-
1496	Various Improvements	-	-	-	-	-	-	-	-	-
1502	Various Improvements	-	-	-	-	-	-	-	-	-
1524	Various Improvements	170,355.22	-	-	-	-	-	-	-	170,355.22
1566	Various Improvements	150,999.92	-	-	-	85,362.55	-	1,883.24	-	150,999.92
1589	Various Improvements	699,833.12	-	-	-	-	-	11,947.83	-	700,038.19
1611	Fees & Compensation	40,182.35	-	-	-	-	-	21,311.89	-	40,182.35
1636	Various Improvements	(844,859.23)	-	-	950,000.00	448,313.70	-	18,447.75	-	94,494.68
1653	Various Improvements	(452,470.50)	-	-	50,000.00	872,335.11	-	153,124.33	-	(977,139.43)
1674	Various Improvements	-	-	-	-	83.16	-	634.40	-	(717.56)
		\$ 2,352,191.90	-	-	1,000,000.00	1,420,405.17	-	1,249,154.74	1,249,154.74	1,931,786.73

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2020		\$	7,160,869.63
Increased by Receipts:			
Consumer Accounts Receivable	9,400,360.42		
	<hr/>		<hr/>
			9,400,360.42
			16,561,230.05
Payments to Treasurer			<hr/>
			9,783,159.13
Balance December 31, 2021		\$	<hr/> <hr/>
			6,778,070.92

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2020		\$	278,238.96
Increased by Receipts:			
Consumer Accounts Charges and Levies	9,138,861.14		
Overpayments & Adjustments	4,003.54		
			9,142,864.68
			9,421,103.64
Decreased by Disbursements:			
Collections	8,859,124.64		
Prepaid Applied	334,249.69		
Prepaid Adjustments	311.42		
Overpayments Applied	3,804.07		
			9,197,489.82
Balance December 31, 2021		\$	223,613.82

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 72,973.41	72,973.41	5,300.93	67,672.48	-
Other Expenses	425,863.16	425,863.16	221,602.67	204,260.49	-
Insurance	6,390.00	6,390.00	-	6,390.00	-
Cape May County MUA	495,976.00	495,976.00	185,035.00	310,941.00	-
Statutory Expenditures					
Contribution to:					
Social Security System	72,255.11	72,255.11	453.22	71,801.89	-
Unemployment Compensation Insurance	4,806.75	4,806.75	-	4,806.75	-
	<u>\$ 1,078,264.43</u>	<u>1,078,264.43</u>	<u>412,391.82</u>	<u>665,872.61</u>	<u>-</u>

**WATER AND SEWER UTILITY OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS AND NOTES
AND ANALYSIS OF BALANCE**

Balance December 31, 2020		\$	75,168.48
Increased by:			
Budget Appropriations			61,486.79
			61,486.79
			136,655.27
Decreased By:			
Payments of Debt Service Interest			75,168.48
			75,168.48
Payments to Treasurer			75,168.48
Balance December 31, 2021		\$	61,486.79

Analysis of Accrued Interest December 31, 2021

	Principal Outstanding December 31, 2021	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	520,000.00	Var	11/15/21	12/31/2021	45	2,600.00
	1,340,000.00	Var	10/15/21	12/31/2021	75	8,250.00
	3,010,000.00	Var	09/15/21	12/31/2021	105	24,481.77
	-	Var	07/15/21	12/31/2021	165	-
	4,880,000.00	Var	11/01/21	12/31/2021	60	23,816.67
<u>USDA</u>						
\$	2,267,592.35	2.75%	12/03/21	12/31/2021	27	2,338.35
						61,486.79
						61,486.79

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Authorizations		Paid or Charged	Balance December 31, 2021	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation		Funded	Unfunded
1437	Various Improvements	02/11/08	2,400,000	\$ -	-	-	-	-	-	-
1479	Various Improvements	03/09/10	1,780,000	78,556.69	-	-	4,160.00	74,396.69	-	-
1483	Various Improvements	06/29/10	1,100,000	-	-	-	-	-	-	-
1495	Various Improvements	01/11/11	315,000	-	-	-	-	-	-	-
1496	Various Improvements	01/11/11	3,200,000	-	-	-	-	-	-	-
1502	Various Improvements	07/19/11	2,000,000	-	-	-	-	-	-	-
1524	Various Improvements	06/26/12	2,000,000	170,355.22	-	-	-	170,355.22	-	-
1566	Various Improvements	04/08/14	2,900,000	150,999.92	-	-	0.00	150,999.92	-	-
1589	Various Improvements	03/15/16	3,800,000	699,833.12	-	-	(205.07)	700,038.19	-	-
1611	Fees & Compensation	07/25/17	1,125,000	40,182.35	-	-	-	40,182.35	-	-
1636	Various Improvements	07/23/19	1,950,000	92,789.48	12,351.29	-	-	10,646.09	94,494.68	-
1653	Various Improvements	04/28/20	2,920,000	-	2,467,529.50	-	-	574,668.93	-	1,892,860.57
1674	Various Improvements	09/14/21	980,000	-	-	980,000.00	-	717.56	-	979,282.44
				<u>\$ 1,232,716.78</u>	<u>2,479,880.79</u>	<u>980,000.00</u>		<u>589,987.51</u>	<u>1,230,467.05</u>	<u>2,872,143.01</u>

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount	December 31, 2021					
General Obligation Bonds of 2009	11/15/2009	5,030,000	11/15/2022	400,000.00	\$ 4,000%	920,000.00	-	400,000.00	520,000.00	
			11/15/2023	120,000.00	4,000%					
General Obligation Bonds of 2012	4/15/2012	3,000,000	4/15/2022	240,000.00	2,750%	1,560,000.00	-	220,000.00	1,340,000.00	
			4/15/2023	270,000.00	3,000%					
			4/15/2024	270,000.00	3,000%					
			4/15/2025	280,000.00	3,000%					
			4/15/2026	280,000.00	3,000%					
General Obligation Bonds of 2015	9/15/2015	4,600,000	9/15/2022	330,000.00	2,000%	3,330,000.00	-	320,000.00	3,010,000.00	
			9/15/2023	350,000.00	2,125%					
			9/15/2024	370,000.00	3,000%					
			9/15/2025	380,000.00	3,000%					
			9/15/2026	380,000.00	3,000%					
			9/15/2027	400,000.00	3,000%					
			9/15/2028	400,000.00	3,000%					
		9/15/2029	400,000.00	3,000%						
General Obligation Bonds of 2016	11/1/2016	6,080,000	11/1/2022	300,000.00	3,000%	5,160,000.00	-	280,000.00	4,880,000.00	
			11/1/2023	320,000.00	3,000%					
			11/1/2024	340,000.00	3,000%					
			11/1/2025	360,000.00	3,000%					
			11/1/2026	380,000.00	3,000%					
			11/1/2027	400,000.00	2,125%					
			11/1/2028	400,000.00	3,000%					
			11/1/2029	400,000.00	3,000%					
			11/1/2030	400,000.00	3,000%					
			11/1/2031	400,000.00	3,000%					
			11/1/2032	400,000.00	3,000%					
			11/1/2033	400,000.00	3,000%					
			11/1/2034	380,000.00	3,000%					
					\$	10,970,000.00	-	1,220,000.00	9,750,000.00	

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF REFUNDING BONDS**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
Refunding Issue of 2014	4/3/2014	1,755,000.00		\$		\$ 295,000.00	-	295,000.00	-
						<u>295,000.00</u>	<u>-</u>	<u>295,000.00</u>	<u>-</u>
						\$			

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF LOANS PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
USDA Loans Payable - 2015	6/3/2015	2,514,000.00		*****	2.750%	2,308,421.49	-	40,829.14	2,267,592.35
USDA Bond - semi-annual payments of \$52,015.00 due on June 3 and December 3. Final payment June 3, 2055									
						<u>\$ 2,308,421.49</u>	<u>-</u>	<u>40,829.14</u>	<u>2,267,592.35</u>

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND AND NOTES AUTHORIZED BUT NOT ISSUED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Debt Issued	Other	Balance Dec. 31, 2021
1636	Various Improvements	\$ 950,000.00	-	-	950,000.00	-
1653	Various Improvements	2,920,000.00	-	-	50,000.00	2,870,000.00
1674	Various Improvements	-	980,000.00	-	-	980,000.00
		<u>\$ 3,870,000.00</u>	<u>980,000.00</u>	<u>-</u>	<u>1,000,000.00</u>	<u>3,850,000.00</u>

CITY OF SEA ISLE CITY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2021



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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 City Counsel
City of Sea Isle City
County of Cape May, 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 City of Sea Isle City, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 29, 2022, 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 City of Sea Isle City 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 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 statement. 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

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No. 393

July 29, 2022

CITY OF SEA ISLE CITY

GENERAL COMMENTS

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

N.J.S.A. 40A:11-4 states, "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law." Effective July 1, 2015, the bid threshold was \$40,000. However, effective July 1, 2020, pursuant to subsection b. of section 9 of P.L. 1971, c. 198 (C.40A:11-9), the governing body can establish the bid threshold at \$44,000 with the appointment of a qualified purchasing agent. The City adopted the bid threshold of \$44,000.

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

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.

Our examination of expenditures did not reveal any payments in excess of the bid threshold for the provision or performance of any goods or services, other than those where bids had been previously sought by public advertisement, awarded under state or county cooperative purchasing agreements, or awarded in compliance with other provisions of the "Local Public Contracts Law," N.J.S.A. 40A:11.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body adopted the following resolution on December 28, 2021 authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the City Council of the City of Sea Isle City, in the County of Cape May that pursuant to N.J.S.A. 54:4-67, the following interest rates be and are hereby fixed for property taxes and other municipal claims, which may be or may hereafter become delinquent, at 8% per annum on the first \$1,500.00 of the aggregate delinquency and 18% per annum on any amount in excess of \$1,500.00 of the aggregate delinquency.

BE IT FURTHER RESOLVED that there be accorded to the taxpayer a ten (10) day grace period for the payment of property taxes from the date when due, after which the payments on said municipal assessments shall become delinquent and interest payable there under as fixed by this resolution shall be calculated from the due date of said municipal claims and assessments.

It appears from an examination of the collector's records that interest was charged in accordance with the forgoing resolution.

Delinquent Taxes and Tax Title Liens

The tax sale was held on October 21, 2021 and was complete.

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

CITY OF SEA ISLE CITY

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

<u>Year</u>	<u>Number</u>
2021	4
2020	4
2019	4

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

Verification of Delinquent Taxes and Other Charges

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

<u>Type:</u>	<u>Number Mailed</u>
Payments of 2021 and 2022 Taxes	10
Delinquent Taxes	5
Current Water and Sewer Utility Rents	10
Delinquent Water and Sewer Rents	5
Total	<u>30</u>

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

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 Cash Collections</u>	<u>Percentage of Collections</u>
2021 \$	36,941,432.01	36,565,865.76	98.98%
2020	34,880,347.22	34,532,785.39	99.00%
2019	33,624,561.64	33,104,705.07	98.45%
2018	32,971,623.04	32,539,839.13	98.69%
2017	31,942,960.31	31,537,338.81	98.73%

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CITY OF SEA ISLE CITY

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 0.764	0.734	0.718	0.710	0.672
Apportionment of Tax Rate:					
Municipal	0.383	0.380	0.380	0.385	0.376
County	0.342	0.315	0.298	0.285	0.255
Local School	0.039	0.039	0.040	0.040	0.041
Assessed Valuation	4,778,871,800	4,697,231,700	4,653,394,000	4,609,325,900	4,562,274,600

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2021 \$	9,527.61	365,405.87	374,933.48	1.01%
2020	9,420.64	334,567.95	343,988.59	0.99%
2019	9,317.87	516,801.17	526,119.04	1.56%
2018	9,322.45	416,805.29	426,127.74	1.29%
2017	9,103.30	400,404.45	409,507.75	1.28%

Uniform Construction Code

The City of Sea Isle City construction code official is in compliance with uniform construction code rules NJAC 5:23.17(b) 2 and NJAC 5:23.4.17(b) 3.

Deposit of Municipal Funds

N.J.S.A. 40A:5-15 states:

“All moneys, including moneys collected by taxation, received from any source by or on behalf of any local unit or any board or department thereof shall, within 48 hours after the receipt thereof, either

- a. be paid to the officer charged with the custody of the general funds of the local unit, who shall deposit all such funds within 48 hours after the receipt thereof to the credit of the local unit in its designated legal depository, or
- b. be deposited to the credit of the local unit in its designated legal depository.”

Our examination revealed that municipal funds were deposited within the mandated time.

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CITY OF SEA ISLE CITY

FINDINGS AND RECOMMENDATIONS

None

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July 29, 2022

CITY OF SEA ISLE CITY

PART III

FEDERAL AND STATE FINANCIAL ASSISTANCE PROGRAMS

FOR THE YEAR ENDED

DECEMBER 31, 2021

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period		Program or Award Amount	Balance at 1/1/2021	Receipts or Revenue Recognized	2021 Activity		Balance at 12/31/2021
		From	To				Disbursements/ Expenditures	Canceled	
FEDERAL:									
Department of Justice Pass Through State of New Jersey Department of Law and Public Safety COPS In Shops	16.710	01/01/21	12/31/21	- \$	-	8,360.00	8,287.57	72.43	0.00
U.S. Department of Homeland Security Passed through Federal Emergency Management Assistance (FEMA) Disaster Grants - Public Assistance for Presidentially Declared Disaster - Reimbursement for Hurricane Sandy	97.036	01/01/12	12/31/12	-	-	914,842.33	914,842.33	-	-
Total Federal Assistance					-	<u>923,202.33</u>	<u>923,129.90</u>	<u>72.43</u>	<u>0.00</u>

The Accompanying Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance are an Integral Part of this Statement

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

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From To	Program or Award Amount	Balance at 1/1/2021	2021 Activity		Balance at 12/31/2021	MEMO ONLY Cumulative State Expenditures
					Receipts or Revenue Recognized	Disbursements/ Expenditures		
STATE OF NEW JERSEY								
Department of Environmental Protection Clean Communities	4900-765-042-4900-004	05/01/21 04/30/22	27,134.02	-	27,134.02	-	-	27,134.02
Department of Transportation Ordinance #1634 - Central Avenue Reconstruction	2019-MA-CMS	07/01/19 06/30/20	150,000.00	(150,000.00)	112,500.00	-	(37,500.00)	150,000.00
Department of Law and Public Safety Division of Criminal Justice Body Armor Replacement Program 2021	1020-718-066-1020-001	07/01/20 06/30/21	1,789.04	(1,789.04)	1,789.04	-	374.04	1,415.00
Division of Motor Vehicles Drunk Driving Enforcement Grant 2021	1110-448-031020-220040	07/01/21 06/30/22	3,729.61	3,175.63	-	-	3,175.63	553.98
Division of Highway Traffic Safety "Click It or Ticket" Seat Belt Enforcement	MOB-CIOT-2021	05/24/21 06/06/21	6,000.00	-	6,000.00	680.60	-	5,319.40
Body Worn Cameras	21-BWC-396	01/01/21 12/31/25	122,280.00	-	-	-	(25,129.70)	25,129.70
Total State Assistance				<u>(148,613.41)</u>	<u>120,289.04</u>	<u>208,998.12</u>	<u>(59,080.03)</u>	
Total Federal and State Financial Assistance				<u>\$ (148,613.41)</u>	<u>1,043,491.37</u>	<u>1,132,128.02</u>	<u>(59,080.03)</u>	

The Accompanying Notes to Schedule of Expenditures of Federal Awards and
State Financial Assistance are an Integral Part of this Statement

CITY OF SEA ISLE CITY
NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2021

Note 1: General

The accompanying schedule of financial assistance present the activity of all federal and state financial assistance programs of the City of Sea Isle City. The City is defined in Note 1 to the City's financial statements – regulatory basis.

Note 2: Basis of Accounting

The accompanying schedules of financial assistance are presented using the modified accrual basis of accounting in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the City accounts for its financial transactions through separate funds, which differ from the funds required by accounting principles generally accepted in the United States of America (GAAP). The City has elected not to use the 10% de minimis indirect cost rate.

Note 3: Relationship to General-Purpose Financial Statements

Amounts reported in the accompanying schedules agree with amounts reported in the City's financial statements – regulatory basis. The financial statements – regulatory basis present the Grant Fund on a budgetary basis. The Grant Fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Grant Fund	\$ 8,287.57	58,998.12	-	67,285.69
General Capital Fund	913,842.33	150,000.00	-	1,063,842.33
Total Financial Assistance	\$ <u>922,129.90</u>	<u>208,998.12</u>	<u>-</u>	<u>1,131,128.02</u>

Note 4: Relationship to Federal & State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

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INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE & NJ OMB 15-08

The Honorable Mayor and
Members of City Council
City of Sea Isle City
County of Cape May, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal Program

We have audited the City of Sea Isle City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and NJ OMB 15-08 that could have a direct and material effect on each of Sea Isle City's major federal and state programs for the year ended December 31, 2021. The City of Sea Isle City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Sea Isle City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to its Federal and State programs.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

Report on Internal Control Over Compliance

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

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

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

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

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July 29, 2022

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CITY OF SEA ISLE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Adverse GAAP Opinion Unmodified Regulatory Basis Opinion
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Internal control over financial reporting:

1) Material Weakness identified?	NONE REPORTED
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2) Significant Deficiency identified?	NONE REPORTED
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Non-Compliance material to Financial Statements – Regulatory Basis noted?	NONE REPORTED
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State Awards

Internal control over major programs:

1) Material Weakness identified?	NONE REPORTED
----------------------------------	----------------------

2) Significant Deficiencies identified?	NONE REPORTED
---	----------------------

Type of auditor's report issued on compliance for major programs:	Unmodified Opinion
---	---------------------------

Any audit findings disclosed that are required to be reported in accordance with NJ OMB 15-08?	NO
--	-----------

Identification of major programs:	None
-----------------------------------	------

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

Auditee qualified as low-risk Auditee?	YES
--	------------

CITY OF SEA ISLE CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDING DECEMBER 31, 2021

Federal Awards

Internal control over major programs:

- | | |
|---|----------------------|
| 3) Material Weakness identified? | NO |
| 4) Significant Deficiencies identified? | NONE REPORTED |

Type of auditor's report issued
on compliance for major programs: **Unmodified Opinion**

Any audit findings disclosed that are required
to be reported in accordance with Uniform Guidance? **NO**

Identification of major programs:

97.036	Disaster Grants (Public Assistance) Presidentially Declared Disasters
---------------	--

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

Auditee qualified as low-risk Auditee? **YES**

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENTS – REGULATORY BASIS WHICH ARE
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS**

In accordance with Government Auditing Standards, our audit disclosed no findings relating to the financial statements – regulatory basis that are required to be reported. However, we have issued an accompanying Management Letter.

MANAGEMENT RESPONSES

Management is required to respond to any findings and recommendations in the audit report. A corrective action plan is required to be filed with the Division of Local Government Services, Department of Community Affairs, State of New Jersey within 45 days of the filing of this report.

A corrective action plan is not required for 2021.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.