

**CITY OF SEA ISLE CITY
REPORT OF AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2020**

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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, 2020



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

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

Report on the Financial Statements

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, 2020 and 2019, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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.

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, 2020 and 2019, 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 balance sheets and account group as of December 31, 2020 and 2019, 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, 2020 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sea Isle City’s basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental information listed in the table of contents is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to 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, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The letter of comments and recommendations section has not been subjected 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 June 11, 2021 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 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.

Very truly yours,

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

June 11, 2021

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**EXHIBIT - A
CURRENT FUND**

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

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Regular Fund:		
Cash:		
Cash Treasurer	\$ 12,108,189.09	10,627,638.92
Cash - Change	555.00	555.00
Total Cash	<u>12,108,744.09</u>	<u>10,628,193.92</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	334,567.95	516,801.17
Tax Title and Other Liens	9,420.64	9,317.87
Property Acquired for Taxes - at Assessed Valuation	23,372.00	23,372.00
Revenue Accounts Receivable	3,221.37	3,823.20
Interfund Receivable:		
Animal Control Fund	100.00	-
Total Receivables and Other Assets	<u>370,681.96</u>	<u>553,314.24</u>
Total Regular Fund	<u>12,479,426.05</u>	<u>11,181,508.16</u>
Federal and State Grant Fund:		
Cash	-	-
Federal and State Grants Receivable	1,789.04	5,279.47
Due from Current Fund	32,809.65	35,193.79
Total Federal and State Grant Fund	<u>34,598.69</u>	<u>40,473.26</u>
Total Current Fund	<u>\$ 12,514,024.74</u>	<u>11,221,981.42</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>2020</u>	<u>2019</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 2,500,262.17	2,010,371.23
Reserve for Encumbrances	1,062,323.95	742,002.91
Accounts Payable	191,336.83	242,559.36
Prepaid Taxes	832,479.67	737,278.79
Overpaid Taxes	8,596.45	-
Payroll Taxes Payable	321.68	146.72
Local School Tax Payable	-	-
County Added Tax Payable	172,510.01	88,414.95
Due to State:		
Senior Citizens' & Veterans's Ded	9,555.80	11,805.80
Interfund Payable:		
Federal and State Grant Fund	32,809.65	35,193.79
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>5,174,372.87</u>	<u>4,231,950.21</u>
Reserve for Receivables and Other Assets	370,681.96	553,314.24
Fund Balance	<u>6,934,371.22</u>	<u>6,396,243.71</u>
Total Regular Fund	<u>12,479,426.05</u>	<u>11,181,508.16</u>
Federal and State Grant Fund:		
Encumbrances Payable	-	1,441.57
Unappropriated Reserves	31,423.06	30,091.29
Appropriated Reserves	<u>3,175.63</u>	<u>8,940.40</u>
Total Federal and State Grant Fund	<u>34,598.69</u>	<u>40,473.26</u>
Total Current Fund	<u>\$ 12,514,024.74</u>	<u>11,221,981.42</u>

The Accompanying Notes to the Financial Statements are an
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**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31,**

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Fund Balance	\$ 2,966,000.00	2,750,000.00
Miscellaneous Revenue Anticipated	4,502,076.53	4,807,294.06
Receipts from Delinquent Taxes	517,013.97	411,560.76
Receipts from Current Taxes	34,532,785.39	33,104,705.07
Non Budget Revenue	98,810.89	158,718.76
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,813,142.87	1,848,084.78
Cancellation of Grant Reserves	10,375.75	-
Cancellation of Taxes Overpaid	-	10,153.29
Cancellation of Prior Year Seniors/Vets	-	250.00
Cancelation Prior Year Accounts Payable	140,185.36	-
Total Income	<u>44,580,390.76</u>	<u>43,090,766.72</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	9,983,009.00	9,598,782.00
Other Expenses	6,804,174.00	6,577,034.00
Deferred Charges & Statutory Expenditures	2,086,436.00	2,084,382.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	-	-
Other Expenses	75,000.00	75,000.00
Capital Improvements	300,000.00	200,000.00
Debt Service	5,005,995.77	5,208,166.58
Deferred Charges	3,750.00	-
State and Federal Grants	51,486.39	43,033.07
Transfer to Board of Education	32,000.00	32,000.00
Local District School Tax	1,827,302.00	1,827,302.00
County Tax	14,723,399.33	13,806,900.98
County Share of Added Tax	172,510.01	88,414.95
Interfund Created	-	-
Refund of Prior Year's Revenue	2,200.00	8,549.45
Grant Balances cancelled, Net	9,000.75	-
Total Expenditures	<u>41,076,263.25</u>	<u>39,549,565.03</u>
Excess/(Deficit) in Revenue	<u>3,504,127.51</u>	<u>3,541,201.69</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,**

	2020	2019
Statutory Excess to Fund Balance	3,504,127.51	3,541,201.69
Fund Balance January 1	6,396,243.71	5,605,042.02
Decreased by:	9,900,371.22	9,146,243.71
Utilization as Anticipated Revenue	2,966,000.00	2,750,000.00
Fund Balance December 31	\$ 6,934,371.22	6,396,243.71

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, 2020

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 2,966,000.00	-	-
Total Fund Balance Anticipated	<u>2,966,000.00</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	15,000.00	-	4,708.64
Other	184,000.00	-	(9,805.00)
Fees and Permits	80,000.00	-	157,141.00
Fines and Costs:			
Municipal Court	215,000.00	-	(42,678.35)
Interest and Costs on Taxes	70,000.00	-	24,969.91
Interest Earned on Investments	305,000.00	-	(240,390.27)
Parking Meters	40,000.00	-	211,126.52
Beach Fees	1,290,000.00	-	132,240.00
Marina Slips Rentals	175,000.00	-	27,885.00
Local Franchise Fee - Cable and Beach Vendors	190,000.00	-	32,885.95
Telephone Call Tower Rental	350,000.00	-	49,454.19
Total Section A: Local Revenues	<u>2,914,000.00</u>	<u>-</u>	<u>347,537.59</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	293,009.00	-	0.01
Total Section B: State Aid Without Offsetting Appropriations	<u>293,009.00</u>	<u>-</u>	<u>0.01</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	350,000.00	-	121,332.00
Total Section C: Uniform Construction Code Fees	<u>350,000.00</u>	<u>-</u>	<u>121,332.00</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, 2020

	Anticipated		
	Budget	N.J.S. 40A:4-87	Excess or (Deficit)
			Realized
Section F: Special Items - Public and Private Programs			
Off-Set with Appropriations			
Clean Communities	30,091.29	-	30,091.29
Municipal Alliance on Alcoholism and Drug Abuse	5,500.00	-	5,500.00
COPS in Shops	8,360.00	-	8,360.00
Drunk Driving Enforcement	-	3,729.61	3,729.61
Body Armor	2,430.49	-	2,430.49
Total Section F: Special Items - Public and Private Programs	46,381.78	3,729.61	50,111.39
Section G: Other Special Items			
Recreation Fees	43,000.00	-	1,445.00
Festival Income	55,000.00	-	5,300.00
Ambulance Fees	150,000.00	-	120,960.54
City of Ocean City - Construction Code Official	125,000.00	-	123,501.00
Shared Service - Engineering/Admin	-	-	165,000.00
Shared Service - Plumbing	-	-	9,880.00
Total Section G: Other Special Items	373,000.00	-	426,086.54
Total Miscellaneous Revenues:	3,976,390.78	3,729.61	4,502,076.53
Receipts from Delinquent Taxes	400,000.00		517,013.97
Amount to be Raised by Taxes for Support of Municipal Budget	17,848,394.87	-	18,660,783.92
Local Tax for Municipal Purposes	17,848,394.87	-	18,660,783.92
Total Amount to be Raised by Taxes for Support of Municipal Budget	25,190,785.65	3,729.61	26,645,874.42
Budget Totals			1,451,359.16
Non- Budget Revenues:			
Other Non- Budget Revenues:	-	-	98,810.89
	25,190,785.65	3,729.61	26,744,685.31
			1,550,170.05

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, 2020**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	34,532,785.39
Less: Reserve for Tax Appeals Pending	-
Net Revenue from Collections	34,532,785.39

Allocated to:

School, County and Other Taxes	16,723,211.34
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Balance for Support of Municipal Budget Appropriations	17,809,574.05
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	851,209.87
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Amount for Support of Municipal Budget Appropriations	18,660,783.92
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	517,013.97	
Tax Title Lien Collections	-	

Total Receipts from Delinquent Taxes	517,013.97
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Bookkeeping/Liens	27.00
City Clerk Revenue	15,018.59
Div of Fire Safety	17,087.21
Elections CMC	900.00
Motor Vehicle Inspection Fines	150.00
Other Miscellaneous	526.63
Police Extra Duty	48,039.79
Police Extra Duty Admin Fee	2,245.00
Police Report Copy Fees	1,487.34
Refunds	8,764.33
Sale of Municipal Assets	3,140.00
Vets & SC Admin fee	490.00
Vital Statistics	935.00

Total Miscellaneous Revenue Not Anticipated:	98,810.89
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Cash Received	98,829.89
Non-Cash Items	(19.00)
	98,810.89

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, 2020**

	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	\$ 373,285.00	373,285.00	357,374.10	-	15,910.90	-
Other Expenses	171,250.00	221,250.00	89,191.75	103,424.60	28,633.65	-
Mayor						
Salaries and Wages	15,000.00	15,000.00	15,000.00	-	-	-
Other Expenses	1,700.00	1,700.00	254.74	-	1,445.26	-
City Council						
Salaries and Wages	45,000.00	45,000.00	45,000.00	-	-	-
Other Expenses	6,800.00	6,800.00	1,035.57	26.65	5,737.78	-
Municipal Clerk						
Salaries and Wages	156,755.00	156,755.00	145,516.47	-	11,238.53	-
Other Expenses	38,730.00	38,730.00	15,225.02	6,433.81	17,071.17	-
Elections						
Salaries and Wages	6,285.00	6,285.00	1,210.40	-	5,074.60	-
Other Expenses	13,600.00	13,600.00	(25.00)	350.00	13,275.00	-
Municipal Engineer						
Other Expenses	93,500.00	93,500.00	74,126.25	14,194.10	5,179.65	-
Fire Inspector						
Salaries and Wages	19,200.00	19,200.00	17,987.40	-	1,212.60	-
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Insurance						
Surety Bond Premiums	910.00	910.00	-	-	910.00	-
Reserve for Insurance	21,000.00	21,000.00	900.00	-	20,100.00	-
Other Expenses	10,500.00	10,500.00	4,764.83	3,850.00	1,885.17	-
General Liability	115,112.00	115,112.00	93,476.67	250.00	21,385.33	-
Workers Compensation Insurance	405,384.00	405,384.00	405,384.00	-	-	-
Employee Group Health	2,504,850.00	2,434,850.00	1,980,549.13	9,295.92	445,004.95	-
Health Benefits Waiver						
Salaries and Wages	25,000.00	25,000.00	19,961.46	-	5,038.54	-
DEPARTMENT OF LAW						
Legal Services and Costs						
Other Expenses	320,000.00	390,000.00	265,787.42	99,728.48	24,484.10	-
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, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
DEPARTMENT OF FINANCE						
Financial Administration						
Salaries and Wages	164,370.00	164,370.00	161,817.95	-	2,552.05	-
Other Expenses						
Postage	27,400.00	27,400.00	3,500.00	23,900.00	-	-
Audit Services	40,000.00	40,000.00	40,000.00	-	-	-
Miscellaneous Other Expenses	34,935.00	34,935.00	12,635.31	8,152.25	14,147.44	-
Collection of Taxes						
Salaries and Wages	110,089.00	110,089.00	94,744.97	-	15,344.03	-
Other Expenses	10,234.00	10,234.00	3,538.72	120.00	6,575.28	-
Liquidation of Tax Title Liens & Foreclosed Property						
Other Expenses	750.00	750.00	-	-	750.00	-
Assessment of Taxes						
Salaries and Wages	163,860.00	163,860.00	153,143.98	-	10,716.02	-
Other Expenses	17,000.00	17,000.00	2,598.86	2,856.50	11,544.64	-
Street Signals and Safety Lanes						
Salaries and Wages	95,995.00	95,995.00	93,018.42	-	2,976.58	-
Other Expenses	116,390.00	116,390.00	76,183.57	10,741.74	29,464.69	-
Bathing Beaches						
Salaries and Wages	245,265.00	245,265.00	193,480.53	-	51,784.47	-
Other Expenses	43,700.00	43,700.00	6,680.03	31,470.00	5,549.97	-
Marina						
Salaries and Wages	107,400.00	49,400.00	47,208.50	-	2,191.50	-
Other Expenses	11,000.00	11,000.00	802.07	6,302.55	3,895.38	-
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	2,955.00	2,955.00	2,914.27	-	40.73	-
Other Expenses	4,000.00	4,000.00	2,758.54	-	1,241.46	-
DEPARTMENT OF POLICE						
Police						
Salaries and Wages	3,742,740.00	3,742,740.00	3,402,614.27	-	340,125.73	-
Other Expenses	216,311.00	201,611.00	123,681.66	66,295.07	11,634.27	-
Emergency Management Services						
Salaries and Wages	20,145.00	20,145.00	19,247.03	-	897.97	-
Other Expenses	3,500.00	2,100.00	-	-	2,100.00	-
Fire						
Salaries and Wages	19,875.00	19,875.00	340.90	-	19,534.10	-
Other Expenses	249,250.00	249,250.00	74,882.70	151,369.78	22,997.52	-

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, 2020**

	Appropriations		Paid or Charged	Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved		
Emergency Medical Services							
Salaries and Wages	433,500.00	433,500.00	375,683.05	-	57,816.95	-	-
Other Expenses	100,000.00	73,820.00	31,265.73	37,445.42	5,108.85	-	-
Maintenance - Vehicle							
Salaries and Wages	90,580.00	92,080.00	89,015.00	-	3,065.00	-	-
Other Expenses	38,600.00	38,600.00	12,752.20	10,083.31	15,764.49	-	-
Lifeguards							
Salaries and Wages	654,540.00	654,540.00	654,540.00	-	-	-	-
Other Expenses	61,180.00	103,460.00	56,781.78	45,235.12	1,443.10	-	-
Animal Control Contract							
Contractual	28,500.00	28,500.00	11,841.00	800.00	15,859.00	-	-
DEPARTMENT OF PUBLIC WORKS							
Administration of Public Works							
Salaries and Wages	383,950.00	383,950.00	342,959.64	-	40,990.36	-	-
Other Expenses	21,375.00	21,375.00	3,269.58	2,100.00	16,005.42	-	-
Road Repairs and Maintenance							
Salaries and Wages	283,010.00	283,010.00	179,916.88	-	103,093.12	-	-
Other Expenses	44,710.00	44,710.00	9,236.82	11,288.21	24,184.97	-	-
Street Cleaning							
Salaries and Wages	243,245.00	243,245.00	170,073.36	-	73,171.64	-	-
Other Expenses	23,510.00	38,510.00	1,126.92	19,975.00	17,408.08	-	-
Solid Waste Management (40A:4-45.32)							
Salaries and Wages	470,180.00	470,180.00	453,884.40	-	16,295.60	-	-
Other Expenses	36,575.00	36,575.00	9,917.33	13,923.94	12,733.73	-	-
Garbage and Trash Removal							
Salaries and Wages	385,950.00	385,950.00	364,266.49	-	21,683.51	-	-
Other Expenses							
Contractual	347,600.00	347,600.00	336,814.59	-	10,785.41	-	-
Miscellaneous Other Expenses	70,505.00	70,505.00	28,203.75	5,970.40	36,330.85	-	-
Public Buildings and Grounds							
Salaries and Wages	463,745.00	463,745.00	346,130.72	-	117,614.28	-	-
Other Expenses	140,100.00	140,100.00	84,364.07	20,298.93	35,437.00	-	-
Shore Protection							
Salaries and Wages	319,215.00	319,215.00	271,723.43	-	47,491.57	-	-
Other Expenses	113,250.00	113,250.00	17,606.28	23,353.32	72,290.40	-	-
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, 2020**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled	
	Budget	Budget After Modifications	Paid or Charged	Encumbered			Reserved
				Encumbered	Reserved		
DEPARTMENT OF COMMUNITY DEVELOPMENT							
Municipal Land Use Law (NJSA 40:55D-1)							
Zoning Board							
Salaries and Wages	7,100.00	7,100.00	5,823.40	-	1,276.60	-	
Other Expenses	11,800.00	11,800.00	8,192.00	716.67	2,891.33	-	
Planning Board							
Salaries and Wages	7,100.00	7,100.00	5,041.42	-	2,058.58	-	
Other Expenses	17,700.00	17,700.00	267.93	23.96	17,408.11	-	
DEPARTMENT OF COMMUNITY SERVICES							
Recreation							
Salaries and Wages	276,400.00	276,400.00	221,596.08	-	54,803.92	-	
Other Expenses	144,923.00	144,923.00	24,901.97	44,494.35	75,526.68	-	
Expense of Participation in Free County Library							
Salaries and Wages	4,700.00	4,700.00	2,294.46	-	2,405.54	-	
Tourism							
Salaries and Wages	269,925.00	269,925.00	227,715.42	-	42,209.58	-	
Other Expenses	253,940.00	253,940.00	43,783.55	106,215.00	103,941.45	-	
DEPARTMENT OF MUNICIPAL COURT							
Municipal Court							
Salaries and Wages	129,800.00	129,800.00	119,650.60	-	10,149.40	-	
Other Expenses	21,800.00	21,800.00	6,137.16	783.04	14,879.80	-	
UNIFORM CONSTRUCTION CODE							
State Uniform Construction Code							
Construction Official							
Salaries and Wages	268,500.00	285,500.00	273,475.62	-	12,024.38	-	
Other Expenses	52,800.00	52,800.00	20,728.39	15,000.00	17,071.61	-	
Plumbing Inspector							
Salaries and Wages	17,850.00	17,850.00	17,036.19	-	813.81	-	
UNCLASSIFIED							
Computer Services - All Departments	50,000.00	50,000.00	34,537.60	2,188.25	13,274.15	-	

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, 2020**

	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	151,590.40	16,941.23	1,468.37	-
Street Lighting	148,000.00	148,000.00	122,527.72	16,715.84	8,756.44	-
Telephone	65,000.00	73,000.00	59,764.60	4,621.82	8,613.58	-
Natural Gas	73,000.00	73,000.00	42,407.58	25,826.98	4,765.44	-
Fuel Oil	2,000.00	2,000.00	-	-	2,000.00	-
Gasoline	180,000.00	116,500.00	33,364.72	2,061.71	81,073.57	-
Water & Sewer	62,000.00	62,000.00	42,072.87	-	19,927.13	-
TOTAL OPERATIONS WITHIN "CAPS"	16,814,183.00	16,784,183.00	13,370,466.79	987,323.95	2,426,392.26	-
Contingent	3,000.00	3,000.00	-	-	3,000.00	-
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	16,817,183.00	16,787,183.00	13,370,466.79	987,323.95	2,429,392.26	-
Detail:						
Salaries and Wages	10,022,509.00	9,983,009.00	8,891,406.81	-	1,091,602.19	-
Other Expenses	6,794,674.00	6,804,174.00	4,479,059.98	987,323.95	1,337,790.07	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	636,539.00	651,539.00	636,539.00	-	15,000.00	-
Social Security System (O.A.S.I.)	766,722.00	766,722.00	733,933.21	-	32,788.79	-
Police and Firemen's Retirement System	588,675.00	603,675.00	588,675.00	-	15,000.00	-
Unemployment Compensation Insurance	39,500.00	39,500.00	35,668.43	-	3,831.57	-
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	5,750.45	-	4,249.55	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	2,056,436.00	2,086,436.00	2,015,566.09	-	70,869.91	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	18,873,619.00	18,873,619.00	15,386,032.88	987,323.95	2,500,262.17	-

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, 2020**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"							
(A) Operations - Excluded from "CAPS"							
LOSAP	75,000.00	75,000.00	-	-	75,000.00	-	-
	<u>75,000.00</u>	<u>75,000.00</u>	-	-	<u>75,000.00</u>	-	-
(A) Public and Private Programs Off-Set by Revenues							
Clean Communities	30,091.29	30,091.29	30,091.29	-	-	-	-
Municipal Alliance on Alcoholism and Drug Abuse							
County Share	5,500.00	5,500.00	5,500.00	-	-	-	-
Local Share	1,375.00	1,375.00	1,375.00	-	-	-	-
Body Armor	2,430.49	2,430.49	2,430.49	-	-	-	-
COPS in Shops	8,360.00	8,360.00	8,360.00	-	-	-	-
Drunk Driving Enforcement Fund	-	3,729.61	3,729.61	-	-	-	-
	<u>47,756.78</u>	<u>51,486.39</u>	<u>51,486.39</u>	-	-	-	-
Total Public and Private Programs Off-Set by Revenues							
	122,756.78	126,486.39	51,486.39	-	75,000.00	-	-
Total Operations - Excluded from "CAPS"							
	122,756.78	122,756.78	47,756.78	-	75,000.00	-	-
Detail:							
Salaries and Wages	-	-	-	-	-	-	-
Other Expenses	-	-	47,756.78	-	75,000.00	-	-
(C) Capital Improvements							
Capital Improvement Fund	300,000.00	300,000.00	300,000.00	-	-	-	-
	<u>300,000.00</u>	<u>300,000.00</u>	<u>300,000.00</u>	-	-	-	-
(D) Debt Service							
Payment of Bond Principal	3,750,000.00	3,750,000.00	3,750,000.00	-	-	-	-
Interest on Bonds	1,240,450.00	1,240,450.00	1,240,450.00	-	-	-	-
Interest on Notes	1,000.00	1,000.00	-	-	-	-	1,000.00
Green Trust Loan Program:							
Loan Repayments for Principal and Interest	16,000.00	16,000.00	15,545.77	-	-	-	454.23
	<u>5,007,450.00</u>	<u>5,007,450.00</u>	<u>5,005,995.77</u>	-	-	-	<u>1,454.23</u>

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, 2020**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Deferred Charges to Future Taxation Unfunded Ordinance #1606, 1588, 1592	3,750.00	3,750.00	3,750.00	-	-	-
Total Deferred Charges	<u>3,750.00</u>	<u>3,750.00</u>	<u>3,750.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(N) Transferred to BOE for Use of Local School						
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	5,465,956.78	5,469,686.39	5,393,232.16	75,000.00	-	1,454.23
SUBTOTAL GENERAL APPROPRIATIONS	<u>24,339,575.78</u>	<u>24,343,305.39</u>	<u>20,779,265.04</u>	<u>1,062,323.95</u>	<u>2,500,262.17</u>	<u>1,454.23</u>
(M) Reserve for Uncollected Taxes	<u>851,209.87</u>	<u>851,209.87</u>	<u>851,209.87</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS	<u>\$ 25,190,785.65</u>	<u>25,194,515.26</u>	<u>21,630,474.91</u>	<u>1,062,323.95</u>	<u>2,500,262.17</u>	<u>1,454.23</u>
Budget Appropriations by 40A-4-87					Cancelled Overexpended	
		25,190,785.65				1,454.23
		<u>3,729.61</u>				<u>-</u>
		<u>25,194,515.26</u>				<u>1,454.23</u>
Reserve for Uncollected Taxes Federal and State Grants Disbursements			851,209.87			
			51,486.39			
			20,727,778.65			
			<u>21,630,474.91</u>			

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

EXHIBIT - B
TRUST FUND

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

	2020	2019
<u>Assets</u>		
<u>Assessment Fund:</u>		
Cash and Investments	\$ 99,148.39	\$ 60,085.26
Assessments Receivable	15,444.24	1,407.62
	114,592.63	61,492.88
 <u>Animal Control Fund</u>		
Cash and Investments	547.80	447.80
	547.80	447.80
 <u>Other Funds</u>		
Cash and Investments	2,359,128.36	2,249,711.46
Lifeguard Pension Due from TTL	5,000.00	5,000.00
	2,364,128.36	2,254,711.46
	\$ 2,479,268.79	\$ 2,316,652.14

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>2020</u>	<u>2019</u>
<u>Assessment Fund:</u>		
Reserve for Assessments & Liens	\$ 15,444.24	\$ 1,407.62
Fund Balance	99,148.39	60,085.26
	114,592.63	61,492.88
 <u>Animal Control Fund</u>		
Reserve for Animal Control Expenditures	447.80	447.80
Due to Current Fund	100.00	-
	547.80	447.80
 <u>Other Funds</u>		
Deposits for Redemption	1,185.00	1,185.00
Reserve for Retirement Fund	91,232.77	85,905.23
Reserve for Lifeguard Pension Fund	985,726.15	955,375.16
Reserve for Tennis Fees	174,336.81	156,758.41
Reserve for Cafeteria Plan	3,251.07	2,080.00
Reserve for Police Forfeited Fund	205.57	2,887.65
Reserve for Police Lost and Found	633.20	545.63
Reserve for Escrow Deposits	548,536.46	499,016.60
Reserve for POAA Fund	6,648.40	7,195.40
Reserve for Affordable Housing	50,770.51	36,428.48
Reserve for Recycling Fund	239,763.47	244,490.77
Reserve for Environmental Fees	53,455.09	41,567.95
Reserve for Municipal Alliance	2,376.48	2,376.48
Reserve for Donations	15,642.47	2,212.47
Reserve for Fire Safety Penalty	250.00	250.00
Reserve for Tourism	170,416.91	171,988.23
Reserve for TTL Redemption Premiums	10,100.00	32,900.00
Due to Lifeguard Pension from TTL	5,000.00	5,000.00
Due to State of New Jersey - Uniform Construction Code Training Fees	4,598.00	6,548.00
	2,364,128.36	2,254,711.46
	\$ 2,479,268.79	\$ 2,316,652.14

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>2020</u>	<u>2019</u>
Cash	\$ 6,432,823.29	10,893,497.29
Deferred Charges to Future Taxation -		
Funded	43,800,000.00	47,565,391.88
Unfunded	9,142,500.00	3,018,750.00
	<u>59,375,323.29</u>	<u>61,477,639.17</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Contracts Payable	3,661,944.17	3,502,297.51
Serial Bonds Payable	43,800,000.00	47,550,000.00
Green Trust Loan Payable	-	15,391.88
Improvement Authorizations:		
Funded	136,218.05	4,064,766.34
Unfunded	7,733,819.04	3,018,750.00
Reserve to Pay Bonds & Notes	200,873.80	200,873.80
Reserve to Pay Bonds	2,601,612.29	1,969,212.64
Reserve to Pay Notes - Ordinance#1555	251,804.15	251,804.15
Capital Improvement Fund	18,925.00	41,425.00
Fund Balance	970,126.79	863,117.85
	<u>\$ 59,375,323.29</u>	<u>61,477,639.17</u>
 There were bonds and notes authorized but not issued at December 31		
	2019	3,018,750.00
	2020	9,142,500.00

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,**

	2020	2019
Beginning Balance January 1	\$ 863,117.85	863,117.85
Increased by:		
(Ord.#1463, 1478, 1525, 1555, 1565, 1576, 1592, & 1603)	216,008.94	-
Decreased by:		
Ordinance #1651	109,000.00	-
	970,126.79	863,117.85
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,**

	2020	2019
ASSETS		
Operating Fund:		
Cash	\$ 7,160,869.63	6,964,742.54
	7,160,869.63	6,964,742.54
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	278,238.96	292,003.00
	278,238.96	292,003.00
Total Operating Fund	7,439,108.59	7,256,745.54
Assessment Trust Fund:		
Cash	77,581.07	77,581.07
Total Assessment Trust Fund	77,581.07	77,581.07
Capital Fund:		
Cash - Treasurer	2,352,191.90	3,614,615.67
Interfunds and Receivables		
Fixed Capital - Completed	34,779,749.81	25,864,749.81
Fixed Capital - Authorized and Uncompleted	14,349,000.00	21,344,000.00
Total Capital Fund	51,480,941.71	50,823,365.48
	\$ 58,997,631.37	58,157,692.09

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,**

	2020	2019
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Appropriation Reserves	\$ 638,079.07	667,282.22
Reserve for Encumbrances	440,185.36	228,096.80
Accounts Payable	2,400.00	-
Prepaid Utility Rents	334,249.69	308,791.67
Utility Overpayments	3,804.07	4,569.18
Accrued Interest on Bonds and Notes	75,168.48	87,421.95
	1,493,886.67	1,296,161.82
Reserve for Receivables	278,238.96	292,003.00
Fund Balance	5,666,982.96	5,668,580.72
Total Operating Fund	7,439,108.59	7,256,745.54
Assessment Trust Fund:		
Fund Balance	77,581.07	77,581.07
Total Assessment Trust Fund	77,581.07	77,581.07
Capital Fund:		
Encumbrance Payable	1,039,786.20	1,933,377.70
Serial Bonds Payable	10,970,000.00	12,140,000.00
USDA Loans Payable	2,308,421.49	2,348,150.57
Refunding Bonds Payable	295,000.00	590,000.00
Improvement Authorizations:		
Funded	1,232,716.78	2,030,365.63
Unfunded	2,479,880.79	1,012,351.29
Reserve for Amortization	31,685,328.32	30,180,599.24
Reserve for Pay Bonds	259,000.00	259,000.00
Fund Balance	1,210,808.13	329,521.05
Total Capital Fund	51,480,941.71	50,823,365.48
	\$ 58,997,631.37	58,157,692.09

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

2019	1,950,000.00
2020	3,870,000.00

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, 2020**

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Fund Balance	\$ 1,685,594.50	750,645.00
Rents	9,103,465.72	9,049,797.16
Penalties	57,142.56	57,443.08
Miscellaneous Revenue Anticipated	218,229.40	223,328.00
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	692,906.59	830,095.56
Total Income	<u>11,757,338.77</u>	<u>10,911,308.80</u>
Expenditures		
Operations	6,886,677.00	6,828,158.00
Debt Service	1,934,715.03	1,972,694.30
Statutory Expenses	1,251,950.00	253,069.50
Refund of Prior Year Revenue	-	101.67
Total Expenditures	<u>10,073,342.03</u>	<u>9,054,023.47</u>
Excess in Revenue	<u>1,683,996.74</u>	<u>1,857,285.33</u>
Excess in Operations	<u>1,683,996.74</u>	<u>1,857,285.33</u>
Fund Balance January 1	<u>5,668,580.72</u>	<u>4,561,940.39</u>
	7,352,577.46	6,419,225.72
Decreased by:		
Utilization as Anticipated Revenue	<u>1,685,594.50</u>	<u>750,645.00</u>
Fund Balance December 31	<u>\$ 5,666,982.96</u>	<u>5,668,580.72</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,**

	2020	2019
Beginning Balance January 1	\$ 329,521.05	329,521.05
Increased by:		
Cancellation of Ordinances #1437-1483-1495-1496-1502	881,287.08	-
	1,210,808.13	329,521.05
Ending Balance December 31	\$	

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, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 1,685,594.50	1,685,594.50	-
Rents	8,215,000.00	9,103,465.72	888,465.72
Penalties	55,000.00	57,142.56	2,142.56
Miscellaneous	150,000.00	218,229.40	68,229.40
	<u>\$ 10,105,594.50</u>	<u>11,064,432.18</u>	<u>958,837.68</u>

Analysis of Realized Revenue:

Rents

Consumer Accounts Receivable:

Current Collections	8,794,112.28
Prepaid Applied	308,791.67
Prepaid Adjustment	561.77

9,103,465.72

Miscellaneous

Interest on Investments	23,636.40
Meters	7,225.00
Misc. Deposits	27,225.00
Pilings	-
Reconnections	38,500.00
Sewer Connections	5,000.00
Special Meter Reading	25,275.00
Special Sewer Connection	27,500.00
Water Connections	63,868.00

218,229.40

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, 2020**

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Operations:						
Salaries and Wages	1,244,999.00	1,244,999.00	1,172,025.59	-	72,973.41	-
Other Expenses	895,718.00	895,718.00	469,854.84	251,574.36	174,288.80	-
Insurance	770,960.00	770,960.00	764,570.00	-	6,390.00	-
Cape May County MUA	3,975,000.00	3,975,000.00	3,479,024.00	188,611.00	307,365.00	-
	<u>6,886,677.00</u>	<u>6,886,677.00</u>	<u>5,885,474.43</u>	<u>440,185.36</u>	<u>561,017.21</u>	<u>-</u>
Debt Service:						
Payment of Bond Principal	1,465,000.00	1,465,000.00	1,465,000.00	-	-	-
Interest on Bonds	377,937.50	377,937.50	365,725.00	-	-	12,212.50
Interest on Notes	20,000.00	20,000.00	-	-	-	20,000.00
Other Debt Service - USDA	104,030.00	104,030.00	103,990.03	-	-	39.97
	<u>1,966,967.50</u>	<u>1,966,967.50</u>	<u>1,934,715.03</u>	<u>-</u>	<u>-</u>	<u>32,252.47</u>
Deferred Charges and Statutory Expenditures:						
Unfunded Ordinance	1,000,000.00	1,000,000.00	1,000,000.00	-	-	-
Public Employees' Retirement System	147,200.00	147,200.00	147,200.00	-	-	-
Social Security System	95,250.00	95,250.00	22,994.89	-	72,255.11	-
Unemployment Compensation Insurance	9,500.00	9,500.00	4,693.25	-	4,806.75	-
	<u>1,251,950.00</u>	<u>1,251,950.00</u>	<u>1,174,888.14</u>	<u>-</u>	<u>77,061.86</u>	<u>-</u>
	<u>10,105,594.50</u>	<u>10,105,594.50</u>	<u>8,995,077.60</u>	<u>440,185.36</u>	<u>638,079.07</u>	<u>32,252.47</u>
Statement of Expenditures:						
Accrued Interest on Bonds			75,168.48			32,252.47
Disbursed			8,919,909.12		Canceled	32,252.47
			<u>8,995,077.60</u>			<u>32,252.47</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>2020</u>	<u>2019</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	13,117,704.12	12,617,955.08
Total General Fixed Assets	<u>\$ 32,301,011.12</u>	<u>\$ 31,801,262.08</u>
Investment in General Fixed Assets	<u>\$ 32,301,011.12</u>	<u>\$ 31,801,262.08</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, 2020 AND 2019**

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, 2020 AND 2019

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, 2020 AND 2019**

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, 2020 AND 2019**

F. Recent Accounting Pronouncements Not Yet Effective

In May 2020, the Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which provides temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides – through GASB Statement No. 93 and Implementation Guide No. 2019-03 – that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, are not deferred by either one year or eighteen months.

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, “Conduit Debt Obligations”. This statement, which is effective for periods beginning after December 15, 2020, 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 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 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$851,209.87 and \$824,531.77. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$2,966,000.00 and \$2,750,000.00.

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 2020 and 2019 statutory budgets was \$1,685,594.50 and \$750,645.00.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 2020 and 2019 calendar years:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>		
General Administration		
Salaries and Wages	-	(20,000.00)
Other Expenses	50,000.00	-
Marina		
Salaries and Wages	(58,000.00)	-
Bathing Beaches		
Salaries and Wages	-	(11,500.00)
Other Expenses	-	11,500.00
Insurance		
Employee Group Health	(70,000.00)	(66,407.00)
Legal Services and Cost		
Other Expenses	70,000.00	-
Police		
Other Expenses	(14,700.00)	-
Fire		
Other Expenses	-	21,000.00
Emergency Medical Services		
Salaries and Wages	-	25,000.00
Other Expenses	(26,180.00)	(6,000.00)
Lifeguards		
Other Expenses	42,280.00	-
Construction Official		
Salaries and Wages	17,000.00	-
Computer Services	-	45,000.00
Gasoline	(63,500.00)	(28,065.00)
Water and Sewer	-	(19,000.00)
Street Lighting	15,000.00	-
Telephone	8,000.00	-
Zoning Board		
Public Employees Retirement System	15,000.00	15,000.00
Police & Firemens Retirement System	15,000.00	32,000.00
<u>Water and Sewer Utility Fund:</u>		
None		

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 was one significant budget insertions approved during 2020. There were no significant budget insertions approved in 2019.

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
Drunk Driving Enforcement Fund	\$ 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 2020 and 2019 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 2020 or 2019.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

NOTE 5: FIXED ASSETS

The following schedules are a summarization of the changes in general fixed assets for the calendar years ended December 31, 2020 and 2019:

	Balance 12/31/2018	Additions	Retirements/ Adjustments	Balance 12/31/2019
Land	\$ 3,138,438.00	-	-	3,138,438.00
Building	16,044,869	-	-	16,044,869.00
Equipment and Machinery	11,907,900	1,255,333.64	(545,278.93)	12,617,955.08
	<u>\$ 31,091,207.37</u>	<u>1,255,333.64</u>	<u>(545,278.93)</u>	<u>31,801,262.08</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>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

NOTE 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/18	Issued	Retired	Balance 12/31/19
Bond Anticipation				
Notes payable:				
General	\$ 13,015,000.00	-	13,015,000.00	-
Utility	-	-	-	-
	<u>\$ 13,015,000.00</u>	<u>-</u>	<u>13,015,000.00</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>

The General note was issued on 9/12/18 and was due and payable 9/12/19 with interest at 3.50%. There is no balance of General Capital or Utility notes payable as of 12/31/20.

As of December 31, 2020, the entity has authorized but not issued bonds in the amount of \$9,142,500.00 and \$3,870,000.00 in the General Capital Fund and Utility Capital Fund respectively.

NOTE 7: LONG TERM DEBT

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

	Balance 12/31/18	Issued	Retired	Balance 12/31/19	Amounts Due Within One Year
Bonds payable:					
General	\$ 29,640,000.00	21,800,000.00	3,890,000.00	47,550,000.00	3,750,000.00
Utility	14,185,000.00		1,455,000.00	12,730,000.00	1,465,000.00
Total	<u>\$ 43,825,000.00</u>	<u>21,800,000.00</u>	<u>5,345,000.00</u>	<u>60,280,000.00</u>	<u>5,215,000.00</u>
Other liabilities:					
Loans Payable Green Trust	\$ 45,719.96	-	30,328.08	15,391.88	15,391.88
Loans Payable USDA	\$ 2,386,809.23	-	38,658.66	2,348,150.57	39,729.82
Compensated					
Absences Payable	1,481,003.22	205,189.15	155,721.10	1,530,471.27	-
Total long-term liabilities	<u>\$ 47,738,532.41</u>	<u>22,005,189.15</u>	<u>5,569,707.84</u>	<u>64,174,013.72</u>	<u>5,270,121.70</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	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	1,530,471.27	196,780.21	219,047.55	1,508,203.93	-
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>

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, 2020, is \$5,200,000.00.

\$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, 2020, is \$5,350,000.00.

\$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, 2020, is \$12,880,000.00.

\$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, 2020, is \$20,370,000.00.

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, 2020, is \$920,000.00.

\$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, 2020, is \$1,560,000.00.

\$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, 2020, is \$3,330,000.00.

\$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, 2020, is \$5,160,000.00.

\$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, 2020, is \$295,000.00.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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, 2020, 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 \$1,240,450.00 and to the utility budget was \$365,725.00.

<u>Summary of Municipal Debt</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 43,800,000.00	\$ 47,565,391.88	\$ 42,700,719.96
Sewer Utility - Bonds and Notes	13,573,421.49	15,078,150.57	16,571,809.23
Total Issued	<u>57,373,421.49</u>	<u>62,643,542.45</u>	<u>59,272,529.19</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	9,142,500.00	3,018,750.00	4,203,750.00
Sewer Utility - Bonds and Notes	3,870,000.00	1,950,000.00	-
Total Authorized But Not Issued	<u>13,012,500.00</u>	<u>4,968,750.00</u>	<u>4,203,750.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 70,385,921.49</u>	<u>\$ 67,612,292.45</u>	<u>\$ 63,476,279.19</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 0.985%.

	Gross Debt	Deductions	Net Debt
Sewer Utility Debt	\$ 17,443,421.49	17,443,421.49	-
General Debt	52,942,500.00	-	52,942,500.00
	<u>70,385,921.49</u>	<u>17,443,421.49</u>	<u>52,942,500.00</u>

Net Debt \$52,942,500.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$5,374,349,023.67= 0.985%

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	188,102,216.00
Net Debt		52,942,500.00
Remaining Borrowing Power	<u>\$</u>	<u>135,159,716.00</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.

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019, 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>2021</u>	<u>2020</u>
Current Fund	\$ 3,500,000.00	\$ 2,966,000.00
Sewer Utility	1,839,334.00	1,685,594.50

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 12/31/20</u>	<u>Local School Tax Balance 12/31/19</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 12/31/20</u>	<u>Balance 12/31/19</u>
Prepaid Taxes	\$ 832,479.67	\$ 737,278.79
Cash Liability for Taxes Collected in Advance	<u>\$ 832,479.67</u>	<u>\$ 737,278.79</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019

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, 2020, 2019, and 2018 were \$588,675.00, \$615,233.00, and \$548,778.00.

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, 2020, 2019, and 2018 were \$783,739.00, \$772,872.00, and \$714,889.26.

The total payroll for the year ended December 31, 2020, 2019 and 2018 was \$10,531,694.83, \$10,145,876.96 and \$10,123,814.28. Payroll covered by PFRS was \$2,108,321.00, \$2,142,697.00, and \$2,009,789.00. Payroll covered by PERS was \$5,058,601.00, \$5,244,510.00, and \$5,281,764.00.

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, 2020, 2019 and 2018 was \$10,000.00, \$10,000.00 and \$10,000.00. The City's trust for the Lifeguard Pension at December 31, 2020 was \$985,726.15. Currently there are currently no individuals receiving benefits. The benefits paid by the trust for the year ended December 31, 2020, 2019 and 2018 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.
- 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).

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2019:

Public Employees' Retirement System

The Municipality has a liability of \$13,599,850.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 that was rolled forward to June 30, 2019. 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, 2019, the Municipality's proportion would be 0.07547721780%, which would be an increase of 3.56% from its proportion measured as of June 30, 2018.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$752,813.00. At December 31, 2019, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 244,100.00	\$ (60,078.00)
Changes of assumptions	1,357,995.00	(4,720,465.00)
Changes in proportion	927,867.00	(340,624.00)
Net difference between projected and actual earnings on pension plan investments		(214,679.00)
Total	<u>\$ 2,529,962.00</u>	<u>\$ (5,335,846.00)</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:

Year ended June 30,	
2019	\$ (324,737.33)
2020	(1,053,441.98)
2021	(940,662.31)
2022	(441,689.42)
2023	(45,352.96)
Total	<u>\$ (2,805,884.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. 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, 2020 AND 2019

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 200 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 base 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, 2018 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, 2019) 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on 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. 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 70% 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 projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining 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 6.28%, 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 (5.28%) or 1-percentage point higher (7.28%) than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Municipality's proportionate share of the net pension liability	\$ 16,322,075.11	\$ 13,599,850.00	\$ 11,308,655.38

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 \$7,131,989.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2018 that was rolled forward to June 30, 2019. 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, 2019, the Municipality's proportion would be 0.05827827190%, which would be a decrease of 7.39% from its proportion measured as of June 30, 2018.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

For the year ended December 31, 2019, the Municipality would have recognized pension expense of \$576,681.00. At December 31, 2019, 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	\$ 60,203.00	\$ (45,154.00)
Changes of assumptions	244,381.00	(2,304,994.00)
Changes in proportion	221,881.00	(629,868.00)
Net difference between projected and actual earnings on pension plan investments		(96,636.00)
Total	<u>\$ 526,465.00</u>	<u>\$ (3,076,652.00)</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:

Year ended June 30,	
2018	\$ (445,108.91)
2019	(934,354.38)
2020	(661,718.68)
2021	(326,182.30)
2022	(182,822.73)
Total	<u>\$ (2,550,187.00)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation of July 1, 2018, which was rolled forward to June 30, 2019. 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 all future years 3.25% - 15.25% (based on years of service)	
Investment rate of return:	7.00%

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152% 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-2019.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2019) 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, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Risk mitigation strategies	3.00%	4.67%
Cash equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment grade credit	10.00%	4.25%
High yield	2.00%	5.37%
Private credit	6.00%	7.92%
Real assets	2.50%	9.31%
Real estate	7.50%	8.33%
US equity	28.00%	8.26%
Non-U.S. developed markets equity	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private equity	12.00%	10.85%

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Discount Rate

The discount rate used to measure the total pension liability was 6.85% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2019, based on 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. 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 70% 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 projected future benefit payments of current plan members through 2076. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2076, and the municipal bond rate was applied to projected benefit payments after that date in determining 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 collective net pension liability of the participating employers as of June 30, 2019, 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:

	Decrease (5.74%)	Rate (6.85%)	Increase (7.85%)
District's proportionate share of the net pension liability	9,342,964.60	7,131,989.00	5,302,262.67

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, 2019 State special funding situation net pension liability amount of \$1,932,374,825.00 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, 2019 State special funding situation pension expense of \$224,526,138.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2019. 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 2019, the State contributed an amount less than the actuarially determined amount.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 0.05827827190% for 2019. The net pension liability amount allocated to the Municipality was \$1,126,155.00. For the fiscal year ending June 30, 2019 State special funding situation pension expense of \$130,850.00 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, 2020 and 2019 were \$849,233.33 and \$789,115.36 respectively.

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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 far 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, 2019 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.

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		979,160.00
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.

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	<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%

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%.

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline 1.93%</u>	<u>1% Increase</u>
Total OPEB Liability	\$ <u><u>19,114,435.00</u></u>	\$ <u><u>16,890,040.00</u></u>	\$ <u><u>14,665,646.00</u></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 5.0%. 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%.

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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>

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>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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.

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, 2019 were \$5,637,151,775 and \$8,182,092,807, 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, 2018 through June 30, 2019. Employer and non-employer allocation percentages have been rounded for presentation purposes.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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, 2019 is as follows:

	June 30, 2019	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 13,819,244,582.00	\$ 21,748,727.00
Plan Fiduciary Net Position	273,173,482.00	429,920.00
Net OPEB Liability	<u>\$ 13,546,071,100.00</u>	<u>\$ 21,318,807.00</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.98%

At June 30, 2019 the City's proportionate share of the Collective Net OPEB Liability was \$21,318,807.00. The City's proportion of the Collective Net OPEB Liability was 0.157380% which was a decrease from the prior year of 5.79%.

For the Year ended June 30, 2019 the City's Total OPEB Expense was (\$501,159.00).

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. 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-2019

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2019

Actuarial assumptions used in the July 1, 2018 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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years.

Discount Rate

The discount rate for June 30, 2019 was 3.50%. 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

The following presents the Net OPEB liability as of June 30, 2019, calculated using the discount rate as disclosed above as well as what the Net OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Collective			
Net OPEB Liability	\$ 15,662,704,137.00	\$ 13,546,071,100.00	\$ 11,826,026,995.00
Proportionate Share			
Net OPEB Liability	\$ 24,649,964.12	\$ 21,318,807.00	\$ 18,611,801.55

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

The following presents the net OPEB liability as of June 30, 2019, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Collective			
Net OPEB Liability	\$ 11,431,214,644.00	\$ 13,546,071,100.00	\$ 16,243,926,531.00
Proportionate Share			
Net OPEB Liability	\$ 17,990,445.86	\$ 21,318,807.00	\$ 25,564,691.94

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (3,961,399,180.00)	\$	\$ (6,234,450.00)
Changes of assumptions		(4,800,426,301.00)		(7,554,911.00)
Net difference between projected and actual earnings on OPEB plan investments	11,158,226.00		17,561.00	
Changes in proportion and differences between contributions and proportionate share of contributions			2,325,247.00	(3,983,765.00)
Total	\$ 11,158,226.00	\$ (8,761,825,481.00)	\$ 2,342,808.00	\$ (17,773,126.00)

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
2019	\$ (1,425,201,517)	\$ (2,513,101.23)
2020	(1,425,201,517)	(2,513,101.23)
2021	(1,426,076,187)	(2,514,643.56)
2022	(1,427,489,995)	(2,517,136.57)
2023	(1,428,781,861)	(2,519,414.56)
Thereafter	(1,617,916,178)	(2,852,920.86)
Total	\$ (8,750,667,255)	\$ (15,430,318.00)

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, 2019 are as follows:

Service cost	\$ 666,574,660
Interest on Total OPEB Liability	636,082,461
Expected Investment Return	(11,286,267)
Administrative Expenses	9,478,435
Changes of Benefit Terms	(1,903,958)
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(619,405,071)
Changes in Assumptions	(809,376,790)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	3,580,344
Total Collective OPEB Expense	\$ (126,256,186)

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

Schedule of City's Share of Net OPEB Liability

	<u>2019</u>
City's Proportionate Share of Net OPEB Liability	0.157380%
City's Share of Net OPEB Liability	\$ 21,318,807.00
City's Covered Payroll	7,390,150.60
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	288.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%

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, 2020, the City estimates this liability to approximate \$1,508,203.93 based on 2020 pay rates and compensated absence balances. At December 31, 2019, the liability was \$1,530,471.27. 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, 2020 and 2019 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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 39 employees who participate respectively.

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, 2020, the following inter-funds were included on the balance sheets of the various funds of the City of Sea Isle City:

	Due From	Due To
Current Fund:		
Grant Fund	\$ -	\$ 32,809.65
Grant Fund:		
Current Fund	32,809.65	-
Trust Fund:		
Tax Title Lien	-	5,000.00
Lifeguard Pension	5,000.00	-
	<u>\$ 37,809.65</u>	<u>\$ 37,809.65</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.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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 2020 and 2019 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.

NOTE 23: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through June 11, 2021, the date which the financial statements were available to be issued and identified no other events requiring disclosure.

SUPPLEMENTARY INFORMATION



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

1535 HAVEN AVENUE • OCEAN CITY, NJ • 08226

PHONE 609.399.6333 • FAX 609.399.3710

www.ford-scott.com

Independent Auditor's Report

The Honorable Mayor and
Members of City Council
City of Sea Isle City
Cape May County, 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 regulatory basis financial statements of the various funds and account groups as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated June 11, 2021, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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 determination of financial statement amounts. 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.

Very truly yours,

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

June 11, 2021

CITY OF SEA ISLE CITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDING DECEMBER 31, 2020

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified Opinion issued on the Financial Statements – Regulatory Basis, presented in accordance with an "Other Comprehensive Basis of Accounting".**

Internal control over financial reporting:

- 1) Material Weakness identified? **NO**
- 2) Significant Deficiency identified? **NO**

Non-Compliance material to Financial Statements – Regulatory Basis noted? **NO**

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 2020.

STATUS OF PRIOR YEAR FINDINGS

There were no prior year audit findings.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	Current Fund	Grant Fund	
Balance December 31, 2019	\$ 10,628,193.92	-	
Increased by Receipts:			
Tax Collector	35,221,316.60	-	
Revenue Accounts Receivable	4,356,995.23	-	
Miscellaneous Revenue	98,829.89	-	
State of New Jersey:			
Senior Citizen and Veterans Deductions	24,500.00	-	
Marriage Licenses	775.00	-	
Payroll Deductions Payable	12,961,305.77	-	
Issuing Change Fund	5,400.00	-	
Issuing Petty Cash Fund	1,000.00	-	
Due to Tourism Commission	85,700.00	-	
Due to Grant Fund	45,932.84	-	
Due to Current Fund	-	48,316.98	
Federal and State Unallocated	-	29,634.02	
Federal and State Receivables	-	16,298.82	
	52,801,755.33	94,249.82	
	63,429,949.25	94,249.82	
Decreased by Disbursements:			
Current Year Appropriation	20,727,778.65	-	
Prior Year Appropriations	850,268.44	-	
County Taxes	14,811,814.28	-	
Local District School Taxes	1,827,302.00	-	
Payroll Taxes Paid	12,961,130.81	-	
Refund Prior Year Revenue	1,700.00	-	
Return of Seasonal Change Funds	5,400.00	-	
Return of Petty Cash Funds	1,000.00	-	
Due to Grant Fund	48,316.98	-	
Due to Trust (SUCC)	19.00	-	
Due to Tourism Commission	85,700.00	-	
State of New Jersey:			
Marriage Licenses	775.00	-	
Due to Current Fund	-	45,932.84	
Federal and State Disbursements	-	48,316.98	
	51,321,205.16	94,249.82	
Balance December 31, 2020	\$ <u>12,108,744.09</u>	<u>-</u>	

See Accompanying Auditor's Report

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

Balance December 31, 2019		\$	-
Increased by Receipts:			
Prepaid Taxes	832,374.96		
Taxes Receivable	34,293,971.73		
Revenue Accounts Receivable	94,969.91		
	<hr/>		<u>35,221,316.60</u>
			35,221,316.60
Payments to Treasurer			<u>35,221,316.60</u>
Balance December 31, 2020		\$	<u><u>-</u></u>

See Accompanying Auditor's Report

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

Year	Balance Dec. 31, 2019	Current Year Levy	Added Taxes	2019	2020	Adjustments	Transferred To Tax Title Lien	Arrears	Balance Dec. 31, 2020
2019	\$ 516,801.17	-	-	-	517,013.97	(212.80)	-	-	0.00
	<u>516,801.17</u>				<u>517,013.97</u>	<u>(212.80)</u>			<u>0.00</u>
2020	-	34,707,837.21	172,510.01	737,278.79	33,795,506.60	12,891.11	102.77	-	334,567.95
	<u>\$ 516,801.17</u>	<u>34,707,837.21</u>	<u>172,510.01</u>	<u>737,278.79</u>	<u>34,312,520.57</u>	<u>12,678.31</u>	<u>102.77</u>	<u>-</u>	<u>334,567.95</u>

34,293,971.73	Cash Receipts
25,000.00	Senior Citizens and Veterans
(6,451.16)	Overpayments
<u>34,312,520.57</u>	

Analysis of Current Year Tax Levy

Tax Yield:
 General Property Tax
 Added Taxes (54.4-63.1 et. Seq.)

34,707,837.21
<u>172,510.01</u>
<u>34,880,347.22</u>

Tax Levy:
 General County Taxes
 County Library Taxes
 County Open Space Taxes
 County Added and Omitted Taxes
 Total County Taxes

12,342,064.61
1,840,244.77
541,089.95
<u>172,510.01</u>
14,895,909.34

Local School District Tax

1,827,302.00

Local Tax for Municipal Purposes
 Add: Additional Tax Levied

17,848,394.87
<u>308,741.01</u>
18,157,135.88
<u>34,880,347.22</u>

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

Balance December 31, 2019	\$	9,317.87
Increased by:		
Transfers from Taxes Receivable		102.77
		102.77
Balance December 31, 2020	\$	9,420.64

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2019	Accrued in 2019	Collected by		Balance Dec. 31, 2020
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages	-	19,708.64	-	19,708.64	-
Other	-	174,195.00	-	174,195.00	-
Fees an Permits	-	237,141.00	-	237,141.00	-
Fines and Costs:					
Municipal Court	3,823.20	171,719.82	-	172,321.65	3,221.37
Interest and Costs on Taxes	-	94,969.91	94,969.91	-	-
Parking Meters	-	251,126.52	-	251,126.52	-
Interest Earned on Investments	-	64,609.73	-	64,609.73	-
Beach Fees	-	1,422,240.00	-	1,422,240.00	-
Marina Slip Rentals	-	202,885.00	-	202,885.00	-
Local Franchise Fee - Cable/Beach	-	222,885.95	-	222,885.95	-
Telephone Cell Tower Rental	-	399,454.19	-	399,454.19	-
Energy Receipts Tax	-	293,009.01	-	293,009.01	-
Construction Code Fees	-	471,332.00	-	471,332.00	-
Ambulance Fees	-	120,960.54	-	120,960.54	-
Recreation Fees	-	1,445.00	-	1,445.00	-
Festival Income	-	5,300.00	-	5,300.00	-
City of Ocean City - Construction Code Official	-	123,501.00	-	123,501.00	-
Shared Service - Engineering/Admin	-	165,000.00	-	165,000.00	-
Shared Service - Plumbing	-	9,880.00	-	9,880.00	-
Miscellaneous Revenue Not Anticipated	-	98,810.89	-	98,810.89	-
	<u>3,823.20</u>	<u>4,550,174.20</u>	<u>94,969.91</u>	<u>4,455,806.12</u>	<u>3,221.37</u>
				Cash Received by Treasurer	4,455,825.12
				Cash Received by Collector	94,969.91
				Non-Cash Miscellaneous Non-Budgeted Revenue	(19.00)
				<u>4,550,776.03</u>	<u>4,550,776.03</u>

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
OPERATIONS WITHIN "CAPS"					
DEPARTMENT OF ADMINISTRATION					
General Administration					
Salaries and Wages	\$ 13,454.39	13,454.39	11,263.40	2,190.99	-
Other Expenses	78,780.55	78,780.55	51,309.03	27,471.52	-
Mayor					
Other Expenses	681.05	681.05	375.00	306.05	-
City Council					
Other Expenses	4,859.11	4,859.11	-	4,859.11	-
Municipal Clerk					
Salaries and Wages	6,882.81	6,882.81	950.00	5,932.81	-
Other Expenses	24,057.34	24,057.34	10,874.74	13,182.60	-
Elections					
Salaries and Wages	3,255.13	3,255.13	-	3,255.13	-
Other Expenses	8,686.05	8,686.05	-	8,686.05	-
Municipal Engineer					
Other Expenses	25,718.70	25,718.70	1,857.25	23,861.45	-
Fire Inspector					
Salaries and Wages	732.42	732.42	500.00	232.42	-
Other Expenses	1,000.00	1,000.00	-	1,000.00	-
Insurance					
Surety Bond Premiums	910.00	910.00	-	910.00	-
Reserve for Insurance	19,125.00	19,125.00	-	19,125.00	-
Other Expenses	3,491.05	3,491.05	(887.31)	4,378.36	-
General Liability	23,732.80	23,732.80	-	23,732.80	-
Employee Group Health	373,363.79	373,363.79	39,472.88	333,890.91	-
Health Benefit Waiver (Salaries & Wages)	6,891.58	6,891.58	-	6,891.58	-
DEPARTMENT OF LAW					
Legal Services and Costs					
Other Expenses	87,452.23	87,452.23	40,645.25	46,806.98	-
Municipal Prosecutor					
Other Expenses	22,500.00	22,500.00	22,500.00	-	-
Public Defender					
Other Expenses	2,250.00	2,250.00	2,250.00	-	-

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
DEPARTMENT OF FINANCE					
Financial Administration					
Salaries and Wages	7,632.75	7,632.75	2,611.77	5,020.98	-
Other Expenses	24,259.52	24,259.52	-	24,259.52	-
Postage	21,065.26	21,065.26	3,202.44	17,862.82	-
Miscellaneous Other Expenses					
Collection of Taxes					
Salaries and Wages	12,581.08	12,581.08	694.23	11,886.85	-
Other Expenses	8,288.72	8,288.72	-	8,288.72	-
Liquidation of Tax Title Liens & Foreclosed Property					
Other Expenses	750.00	750.00	-	750.00	-
Assessment of Taxes					
Salaries and Wages	7,056.82	7,056.82	4,216.90	2,839.92	-
Other Expenses	14,088.57	14,088.57	1,705.85	12,382.72	-
Street Signals and Safety Lanes					
Salaries and Wages	13,469.58	13,469.58	1,845.45	11,624.13	-
Other Expenses	39,667.63	39,667.63	10,842.98	28,824.65	-
Bathing Beaches					
Salaries and Wages	16,314.94	16,314.94	-	16,314.94	-
Other Expenses	24,470.40	24,470.40	18,824.23	5,646.17	-
Marina					
Salaries and Wages	10,788.25	10,788.25	10,719.14	69.11	-
Other Expenses	8,033.08	8,033.08	3,197.93	4,835.15	-
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	68.18	68.18	-	68.18	-
Other Expenses	88.22	88.22	-	88.22	-
DEPARTMENT OF POLICE					
Police					
Salaries and Wages	270,119.63	270,119.63	179,495.08	90,624.55	-
Other Expenses	79,795.21	79,795.21	61,704.28	18,090.93	-
Emergency Management Services					
Salaries and Wages	444.60	444.60	443.00	1.60	-
Other Expenses	3,500.00	3,500.00	-	3,500.00	-

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Fire					
Salaries and Wages	7,563.05	7,563.05	5,000.00	2,563.05	-
Other Expenses	26,555.16	26,555.16	15,904.91	10,650.25	-
Emergency Medical Services					
Salaries and Wages	9,494.57	9,494.57	9,494.57	-	-
Other Expenses	47,932.38	47,932.38	12,354.38	35,578.00	-
Maintenance - Vehicles					
Salaries and Wages	2,251.50	2,251.50	2,033.78	217.72	-
Other Expenses	15,587.44	15,587.44	6,761.30	8,826.14	-
Lifeguards					
Salaries and Wages	1,842.75	1,842.75	-	1,842.75	-
Other Expenses	3,913.27	3,913.27	1,903.18	2,010.09	-
Animal Control Contract					
Contractual	17,967.00	17,967.00	-	17,967.00	-
DEPARTMENT OF PUBLIC WORKS					
Administration of Public Works					
Salaries and Wages	22,488.36	22,488.36	1,492.75	20,995.61	-
Other Expenses	19,383.53	19,383.53	634.43	18,749.10	-
Road Repairs and Maintenance					
Salaries and Wages	73,798.77	73,798.77	5,499.84	68,298.93	-
Other Expenses	22,368.58	22,368.58	9,307.31	13,061.27	-
Street Cleaning					
Salaries and Wages	65,697.76	65,697.76	4,224.38	61,473.38	-
Other Expenses	26,170.21	26,170.21	3,394.34	22,775.87	-
Solid Waste Management (40A:4-45.32)					
Salaries and Wages	108,987.71	108,987.71	8,985.42	100,002.29	-
Other Expenses	28,683.63	28,683.63	9,653.32	19,030.31	-
Garbage and Trash Removal					
Salaries and Wages	67,014.23	67,014.23	14,065.76	52,948.47	-
Other Expenses					
Contractual	33,486.52	33,486.52	9,317.52	24,169.00	-
Miscellaneous Other Expenses	37,366.58	37,366.58	21,969.22	15,397.36	-
Public Buildings and Grounds					
Salaries and Wages	55,304.91	55,304.91	10,288.52	45,016.39	-
Other Expenses	34,685.63	34,685.63	20,886.27	13,799.36	-

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Shore Protection					
Salaries and Wages	63,309.76	63,309.76	7,957.42	55,352.34	-
Other Expenses	91,985.66	91,985.66	12,751.23	79,234.43	-
Americans with Disabilities Act					
Other Expenses	1,886.00	1,886.00	-	1,886.00	-
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	1,557.70	1,557.70	150.00	1,407.70	-
Other Expenses	1,407.59	1,407.59	458.11	949.48	-
Planning Board					
Salaries and Wages	1,865.22	1,865.22	150.00	1,715.22	-
Other Expenses	10,245.64	10,245.64	30.60	10,215.04	-
Preparation of Master Plan					
DEPARTMENT OF COMMUNITY SERVICES					
Recreation					
Salaries and Wages	14,599.48	14,599.48	7,521.20	7,078.28	-
Other Expenses	49,442.74	49,442.74	15,100.88	34,341.86	-
Expense of Participation in Free County Library					
Salaries and Wages	1,188.50	1,188.50	351.01	837.49	-
Tourism					
Salaries and Wages	6,981.97	6,981.97	2,324.18	4,657.79	-
Other Expenses	31,374.75	31,374.75	15,075.70	16,299.05	-
DEPARTMENT OF MUNICIPAL COURT					
Municipal Court					
Salaries and Wages	5,257.95	5,257.95	5,220.80	37.15	-
Other Expenses	10,795.40	10,795.40	469.96	10,325.44	-

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
UNIFORM CONSTRUCTION CODE					
State Uniform Construction Code					
Construction Code Official					
Salaries and Wages	30,488.78	30,488.78	7,233.07	23,255.71	-
Other Expenses	25,228.77	25,228.77	3,697.00	21,531.77	-
Electrical Inspector					
Salaries and Wages	354.74	354.74	354.74	-	-
Plumbing Inspector					
Salaries and Wages	393.76	393.76	-	393.76	-
UNCLASSIFIED					
Computer Services All Departments	45,711.80	45,711.80	32,075.44	13,636.36	-
UTILITY EXPENSES AND BULK PURCHASES					
Electric	17,818.36	17,818.36	17,708.58	109.78	-
Street Lighting	14,554.00	14,554.00	12,640.29	1,913.71	-
Telephone	8,152.75	8,152.75	5,655.84	2,496.91	-
Natural Gas	23,643.68	23,643.68	12,200.12	11,443.56	-
Fuel Oil	2,000.00	2,000.00	-	2,000.00	-
Gasoline	63,286.38	63,286.38	33,910.36	29,376.02	-
Water and Sewer	2,311.79	2,311.79	-	2,311.79	-
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)	94,431.79	94,431.79	22.02	94,409.77	-
Police and Firemen's Retirement System	32,000.00	32,000.00	32,000.00	-	-
Unemployment Compensation Insurance	2,443.93	2,443.93	-	2,443.93	-
DCRP	3,805.27	3,805.27	-	3,805.27	-
OPERATIONS EXCLUDED FROM "CAPS"					
LOSAP	75,000.00	75,000.00	45,388.00	29,612.00	-
	<u>\$ 2,752,374.14</u>	<u>2,752,374.14</u>	<u>939,231.27</u>	<u>1,813,142.87</u>	<u>-</u>

See Accompanying Auditor's Report

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

Balance December 31, 2019			
School Tax Payable	\$	-	
School Tax Deferred		<u>913,651.00</u>	
			\$ 913,651.00
Increased by:			
Levy - School Year July 1, 2019 to June 30, 2020			<u>1,827,302.00</u>
			2,740,953.00
Decreased by:			
Adjustment of Payable			-
Payments			<u>1,827,302.00</u>
Balance December 31, 2020			
School Tax Payable		-	
School Tax Deferred		<u>913,651.00</u>	
			<u><u>913,651.00</u></u>
Current Year Liability for Local School District School Tax:			
Tax Paid			1,827,302.00
Tax Payable Ending			<u>-</u>
			1,827,302.00
Less: Tax Payable Beginning			<u>-</u>
Amount charged to Current Year Operations			<u><u>\$ 1,827,302.00</u></u>

See Accompanying Auditor's Report

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

Purpose	Balance Dec. 31, 2019	Transferred From 2019 Revenues	Received	Adjustments	Balance Dec. 31, 2020
FEDERAL GRANTS:					
COPS in Shops 2020	\$ -	8,360.00	7,678.40	681.60	-
Total Federal	<u>-</u>	<u>8,360.00</u>	<u>7,678.40</u>	<u>681.60</u>	<u>-</u>
STATE GRANTS:					
Municipal Alliance Program - 2020-21	\$ -	5,500.00	-	5,500.00	-
Municipal Alliance Program - 2019-20	5,279.47	-	2,460.32	2,819.15	-
Body Armor - 2019	-	1,789.04	-	-	1,789.04
Body Armor - 2020	-	2,430.49	2,430.49	-	-
Drunk Driving Enforcement 2020-21	-	3,729.61	3,729.61	-	-
Total State	<u>5,279.47</u>	<u>13,449.14</u>	<u>8,620.42</u>	<u>8,319.15</u>	<u>1,789.04</u>
	<u>\$ 5,279.47</u>	<u>21,809.14</u>	<u>16,298.82</u>	<u>9,000.75</u>	<u>1,789.04</u>

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

	Balance December 31, 2019	2020	Encumbrances	Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2020
	Appropriated	Reserve for	Encumbrances	Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2020
FEDERAL GRANTS:								
Cops in Shops 2020-2021	\$ -	-	-	8,360.00	7,678.40	-	681.60	-
Total Federal	-	-	-	8,360.00	7,678.40	-	681.60	-
STATE GRANTS:								
Clean Communities 2019-2020	-	-	-	30,091.29	30,091.29	-	-	-
Body Armor 2018-2019	2,428.28	-	-	-	2,428.28	-	-	-
Body Armor 2019-2020	2,592.97	-	-	2,430.49	5,023.46	-	-	-
Drunk Driving Enforcement Grant 2020-21	-	-	-	3,729.61	553.98	-	-	3,175.63
Municipal Alliance Program	-	-	-	-	-	-	-	-
County Share 2020-2021	-	-	-	5,500.00	-	-	5,500.00	-
Local Share 2020-2021	-	-	-	1,375.00	-	-	1,375.00	-
County Share 2019-2020	2,544.15	1,441.57	-	-	2,541.57	-	1,444.15	-
Local Share 2019-2020	1,375.00	-	-	-	-	-	1,375.00	-
Total State	8,940.40	1,441.57	1,441.57	43,126.39	40,638.58	-	9,694.15	3,175.63
\$	8,940.40	1,441.57	1,441.57	51,486.39	48,316.98	-	10,375.75	3,175.63

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

Purpose	Balance Dec. 31, 2019	Transferred To 2019 Appropriations	Received	Adjustments	Balance Dec. 31, 2020
STATE GRANTS:					
Body Armor 2020-2021	-	-	-	1,789.04	1,789.04
Clean Communities 2019-2020	30,091.29	30,091.29	27,134.02	-	27,134.02
SJ Gas 1st Responder	-	-	2,500.00	-	2,500.00
Total State	<u>30,091.29</u>	<u>30,091.29</u>	<u>29,634.02</u>	<u>1,789.04</u>	<u>31,423.06</u>
	<u>\$ 30,091.29</u>		<u>29,634.02</u>	<u>1,789.04</u>	<u>31,423.06</u>

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

Balance December 31, 2019		\$	447.80
Increased By Receipts:			
Dog Licenses Fees - City portion	100.00		
State License Fees - State portion	33.00		
			133.00
			580.80
Decreased By Disbursements:			
State of New Jersey	33.00		
			33.00
Balance December 31, 2020		\$	547.80

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

	Other	Assessment
	\$	\$
Balance December 31, 2019	2,249,711.46	60,085.26
Increased By Receipts:		
Retirement Trust	5,000.00	-
Building Inspectors Office	607,080.20	-
Lifeguard Pension	36,368.27	-
Tennis Fees	33,516.68	-
Cafeteria Plan	5,300.00	-
Donations	13,430.00	-
Police Forefeited Property	791.75	-
Site Plan	128,686.70	-
Escrow - Rental Bonds	-	-
Escrow - Trustee	79,515.58	-
DCA Fees	21,160.00	-
POAA	78.00	-
Affordable Housing	14,342.03	-
Recycling Fees	27,781.21	-
Environmental Fees	26,743.00	-
Municipal Alliance	-	-
Police Lost & Found Cash	633.20	-
Tourism Fees	85,700.00	-
Tax Title Lien Redemption:		
Redemption of Tax Sale Certificates	35,922.06	-
Premiums	3,700.00	-
Assessments Received	-	39,403.68
Due from Current	19.00	-
Interest on Investments	5,276.59	-
	1,131,044.27	39,403.68
	3,380,755.73	99,488.94
Decreased By Disbursements:		
Retirement Trust	-	-
Tennis Fees	15,938.28	-
Building Inspectors Account	607,080.20	-
Cafeteria Plan	4,129.10	-
Police Forefeited Property	3,475.74	-
Lifeguard Pension	9,358.56	-
Site Plan	117,192.97	-
Escrow - Rental Bonds Returned	-	-
Escrow - Trustee - Returned	42,550.38	-
Police Lost & Found Cash	545.63	-
Recycling	32,508.51	-
Refunds of Tax Sale Certificates	26,500.00	-
Tax Title Lien Redemptions	35,922.06	-
POAA	625.00	-
Due to State DCA (SUCC)	23,129.00	-
Environmental Commission	14,855.86	-
Municipal Alliance	-	-
Donations	-	-
Tourism	87,271.32	-
Refund of Overpayment	-	-
Due to Current - Interest	544.76	340.55
	1,021,627.37	340.55
	2,359,128.36	99,148.39
Balance December 31, 2020	\$ 2,359,128.36	\$ 99,148.39

See Accompanying Auditor's Report

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

Balance December 31, 2019		\$	447.80
Increased By:			
Dog Licenses Fees Collected	100.00		
	100.00		
			100.00
			547.80
Decreased By Disbursements:			
Statutory Excess due to Current Fund	100.00		
	100.00		
			100.00
Balance December 31, 2020		\$	447.80

License Fees Collected	<u>Year</u>	
	2018	251.80
	2019	196.00
		447.80
		447.80

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

Balance December 31, 2019		\$	-
Increased By:			
Collected in 2020	33.00		
	33.00		
			33.00
			33.00
Decreased By:			
Paid to State of New Jersey	33.00		
	33.00		
			33.00
Balance December 31, 2020		\$	-

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR LIFEGUARD PENSION

Balance December 31, 2019		\$ 955,375.16
Increased By Receipts:		
Employee Withholdings	26,308.57	
City Contribution	10,059.70	
Interest on Deposits	3,341.28	
		39,709.55
Decreased By Disbursements:		
Retirement Payouts	9,358.56	
		9,358.56
Balance December 31, 2020		\$ <u><u>985,726.15</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR RETIREMENT

Balance December 31, 2019		\$ 85,905.23
Increased By Receipts:		
City Contribution	5,000.00	
Interest on Deposits	327.54	
	5,327.54	
Balance December 31, 2020		\$ 91,232.77

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR TENNIS FEES

Balance December 31, 2019		\$ 156,758.41
Increased By Receipts:		
Parking Meters	1,164.68	
Tennis Fees	32,352.00	
Interest on Deposits	544.76	
		34,061.44
Decreased By Disbursements:		
Tennis Expenditures	15,938.28	
Due to Current	544.76	
		16,483.04
Balance December 31, 2020		\$ <u><u>174,336.81</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF RESERVE FOR CAFETERIA PLAN

Balance December 31, 2019		\$	2,080.00
Increased By Receipts:			
Employee Contributions	5,300.00		
Interest on Investments	0.17		
			5,300.17
Decreased By Disbursements:			
Medical Reimbursements	4,129.10		
			4,129.10
Balance December 31, 2020		\$	3,251.07

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

Balance December 31, 2019		\$ 10,893,497.29
Increased by:		
Budget Appropriation :		
Capital Improvement Fund	300,000.00	
Ordinance #1623	3,750.00	
Reserve to Pay Bonds	632,399.65	
		936,149.65
		11,829,646.94
Decreased by:		
Improvement Authorizations	5,396,823.65	
		5,396,823.65
Balance December 31, 2020		\$ 6,432,823.29

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019		Receipts		Disbursements		Transfers		Balance Dec. 31, 2020	
	Balance	Dec. 31, 2019	Receipts		Disbursements		Transfers			
			Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To		
Fund Balance	\$	863,117.85	-	-	-	-	-	109,000.00	216,008.94	970,126.79
Capital Improvement Fund		41,425.00	300,000.00	-	-	-	-	322,500.00	-	18,925.00
Encumbrances Payable		3,502,297.51	-	-	-	-	-	3,502,297.51	3,661,944.17	3,661,944.17
Reserve to Pay Bonds & Notes		200,873.80	-	-	-	-	-	-	-	200,873.80
Reserve to Pay Bonds		1,969,212.64	632,399.65	-	-	-	-	-	-	2,601,612.29
Reserve to Pay Notes - Ordinance #1555		251,804.15	-	-	-	-	-	-	-	251,804.15
<u>Improvement Authorizations:</u>										
1463 Various Capital Improvements		24,860.44	-	-	-	-	-	24,860.44	-	-
1478 Various Improvements		2,480.25	-	-	-	-	-	2,480.25	-	-
1503 Various Capital Improvements		3,664.26	-	-	80.58	-	-	955.00	1,580.74	4,209.42
1525 Various Capital Improvements		2,081.30	-	-	-	-	-	2,081.30	-	-
1555 Various Capital Improvements		46,672.86	-	-	7,614.31	-	-	39,058.55	-	-
1565 Various Capital Improvements		8,881.90	-	-	175.25	-	-	11,460.37	2,753.72	-
1576 Various Capital Improvements		101,684.67	-	-	-	-	-	101,684.67	-	-
1588 Various Capital Improvements		55,783.44	-	-	73,280.51	-	-	48,628.20	79,840.48	13,715.21
1592 Purchase of Fire Truck		14,221.43	-	-	-	-	-	14,221.43	-	-
1603 Purchase of Dump Truck/Loader/Flat Bed		20,161.93	-	-	-	-	-	20,161.93	-	-
1606 Various Capital Improvements		43,772.58	-	-	63,750.42	-	-	100,568.30	142,166.99	21,620.85
1623 Various Capital Improvements		724,019.51	3,750.00	-	1,717,182.07	-	-	737,187.92	1,738,337.67	11,737.19
1634 Various Capital Improvements		2,912,253.59	-	-	3,018,652.00	-	-	1,668,841.43	1,537,617.91	(237,621.99)
1635 Various Capital Improvements		104,228.18	-	-	30,524.80	-	-	-	-	73,703.38
1651 Various Capital Improvements		-	-	-	96,208.00	-	-	1,560.00	109,000.00	11,232.00
1652 Various Capital Improvements		-	-	-	389,355.71	-	-	1,104,203.32	322,500.00	(1,171,059.09)
	\$	10,893,497.29	936,149.65	-	5,396,823.65	-	-	7,811,750.62	7,811,750.62	6,432,823.29

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

Balance December 31, 2019		\$ 41,425.00
Increased by:		
Current Budget Appropriation	300,000.00	
	300,000.00	300,000.00
		341,425.00
Decreased by:		
Improvement Authorizations Funded - Ordinance #1652	322,500.00	
	322,500.00	322,500.00
Balance December 31, 2020		\$ <u><u>18,925.00</u></u>

See Accompanying Auditor's Report

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

Balance December 31, 2019		\$ 47,565,391.88
Decreased by:		
General Serial Bonds Payments	3,750,000.00	
Green Trust Loan Payments	15,391.88	
	_____	3,765,391.88
Balance December 31, 2020		\$ 43,800,000.00

See Accompanying Auditor's Report

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

Ord #	Improvement Description	Balance	2020	Raised in	Debt Issued	Balance	Analysis of Balance		Unexpended Improvement Authorizations
		Dec. 31, 2019	Authorizations	2020 Budget		Dec. 31, 2020	Bond Anticipation Notes	Expenditures	
1623	Various Capital Improvements	\$ 3,750.00	-	-	3,750.00	-	-	-	-
1634	Various Capital Improvements	1,020,000.00	-	-	-	1,020,000.00	-	237,621.93	782,378.07
1635	Various Capital Improvements	1,995,000.00	-	-	-	1,995,000.00	-	-	1,995,000.00
1652	Various Capital Improvements	-	6,127,500.00	-	-	6,127,500.00	-	1,171,059.03	4,956,440.97
		<u>\$ 3,018,750.00</u>	<u>6,127,500.00</u>	<u>-</u>	<u>3,750.00</u>	<u>9,142,500.00</u>	<u>-</u>	<u>1,408,680.96</u>	<u>7,733,819.04</u>

Improvement Authorizations Unfunded	7,733,819.04
Less:	
Unexpended Proceeds of Bond	
Anticipation Notes Issued:	
Ord. Number	
None.	
	<u>\$ 7,733,819.04</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2019		Authorizations			Balance December 31, 2020	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Paid or Charged	Funded	Unfunded
1463	Various Capital Improvements	2/10/2009	4,380,000	24,860.44	-	-	-	24,860.44	-	-
1478	Various Capital Improvements	3/9/2010	700,000	2,480.25	-	-	-	2,480.25	-	-
1503	Various Capital Improvements	7/19/2011	3,600,000	3,664.26	-	-	-	(545.16)	4,209.42	-
1525	Various Capital Improvements	12/15/2012	4,600,000	2,081.30	-	-	-	2,081.30	-	-
1555	Various Capital Improvements	11/12/2013	3,100,000	46,672.86	-	-	-	46,672.86	-	-
1565	Various Capital Improvements	3/11/2014	3,000,000	8,881.90	-	-	-	8,881.90	-	-
1576	Various Capital Improvements	2/24/2015	1,580,000	101,684.67	-	-	-	101,684.67	-	-
1588	Various Capital Improvements	3/15/2016	4,200,000	55,783.44	-	-	-	42,068.23	13,715.21	-
1592	Purchase of Fire Truck	6/14/2016	560,000	14,221.43	-	-	-	14,221.43	-	-
1603	Purchase of Dump Truck/Loader/Flat Bed	3/14/2017	230,000	20,161.93	-	-	-	20,161.93	-	-
1606	Various Capital Improvements	3/28/2017	3,185,000	43,772.58	-	-	-	22,151.73	21,620.85	-
1623	Various Capital Improvements	7/24/2018	4,425,000	724,019.51	3,750.00	-	-	716,032.32	11,737.19	-
1634	Various Capital Improvements	7/23/2019	5,900,000	2,912,253.59	1,020,000.00	-	-	3,149,875.52	782,378.07	-
1635	Various Capital Improvements	7/23/2019	2,100,000	104,228.18	1,995,000.00	-	-	97,768.00	73,703.38	1,995,000.00
1651	Various Capital Improvements	4/14/2020	109,000	-	-	109,000.00	-	97,768.00	11,232.00	-
1652	Various Capital Improvements	5/12/2020	6,450,000	-	-	322,500.00	-	1,493,559.03	-	4,956,440.97
				\$ 4,064,766.34	3,018,750.00	431,500.00	6,127,500.00	5,772,479.25	136,218.05	7,733,819.04

**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, 2019	Increased	Decreased	Balance Dec. 31, 2020
			December 31, 2020 Date	Amount					
General Obligation Bonds of 2012	4/15/2012	11,640,000	4/15/2021	1,000,000.00	2.500%	6,170,000.00	-	970,000.00	5,200,000.00
			4/15/2022	1,000,000.00	2.750%				
			4/15/2023	1,000,000.00	3.000%				
			4/15/2024	1,100,000.00	3.000%				
General Obligation Bonds of 2015	9/15/2015	8,500,000	4/15/2025	1,100,000.00	3.000%	6,100,000.00	-	750,000.00	5,350,000.00
			9/15/2021	850,000.00	3.000%				
			9/15/2022	900,000.00	2.000%				
			9/15/2023	900,000.00	2.125%				
General Obligation Bonds of 2016	10/13/2016	14,000,000	9/15/2025	900,000.00	3.000%	13,480,000.00	-	600,000.00	12,880,000.00
			9/15/2026	900,000.00	3.000%				
			11/1/2021	600,000.00	2.000%				
			11/1/2022	730,000.00	3.000%				
			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	9/1/2021	1,540,000.00	2.000%	21,800,000.00	-	1,430,000.00	20,370,000.00
			9/1/2022	1,760,000.00	3.000%				
			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%				
					\$	47,550,000.00	-	3,750,000.00	43,800,000.00

**GENERAL CAPITAL FUND
SCHEDULE OF GREEN TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount					
Marina Recreation Development Complex	5/2/2000	500,000				15,391.88	-	15,391.88	-
						<u>15,391.88</u>	<u>-</u>	<u>15,391.88</u>	<u>-</u>
						\$			

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Other	Balance Dec. 31, 2020
1623	Various Capital Improvements	3,750.00	-	3,750.00	-	-
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	-	-	6,127,500.00
		<u>\$ 3,018,750.00</u>	<u>6,127,500.00</u>	<u>3,750.00</u>	<u>-</u>	<u>9,142,500.00</u>

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

	Operating Fund	Assessment Trust Fund	Capital Fund
Balance December 31, 2019	6,964,742.54	77,581.07	3,614,615.67
Increased by Receipts:			
Collector	8,794,112.28	-	-
Miscellaneous Revenue	218,229.40	-	-
Penalties	57,142.56	-	-
Budget Appropriation - Ordinance #1636	-	-	1,000,000.00
Prepaid Rents	334,046.35	-	-
	<u>9,403,530.59</u>	<u>-</u>	<u>1,000,000.00</u>
	16,368,273.13	77,581.07	4,614,615.67
Decreased by Disbursements:			
Current Year Appropriation	8,919,909.12	-	-
Prior Year Appropriations	200,072.43	-	-
Improvement Authorizations	-	-	2,262,423.77
Accrued Interest on Bonds and Notes	87,421.95	-	-
	<u>9,207,403.50</u>	<u>-</u>	<u>2,262,423.77</u>
Balance December 31, 2020	<u>7,160,869.63</u>	<u>77,581.07</u>	<u>2,352,191.90</u>

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

	Balance Dec. 31, 2019		Receipts		Debt Issued	Disbursements		Transfers		Balance Dec. 31, 2020
			Miscellaneous			Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 329,521.05	-	-	-	-	-	-	-	881,287.08	1,210,808.13
Encumbrance Payable	1,933,377.70	-	-	-	-	-	-	-	1,039,786.20	1,039,786.20
Reserve to Pay Bonds	259,000.00	-	-	-	-	-	-	-	-	259,000.00
Improvement Authorizations:										
Ord.										
Number										
1437	Various Improvements	494,672.49	-	-	-	-	494,672.49	-	-	-
1479	Various Improvements	88,707.34	-	-	-	23,856.88	12,169.75	-	25,875.98	78,556.69
1483	Various Improvements	215,403.81	-	-	-	-	215,403.81	-	-	-
1495	Various Improvements	11,634.85	-	-	-	-	11,634.85	-	-	-
1496	Various Improvements	145,393.13	-	-	-	-	145,393.13	-	-	-
1502	Various Improvements	14,182.80	-	-	-	-	14,182.80	-	-	-
1524	Various Improvements	169,562.22	-	-	-	-	-	793.00	-	170,355.22
1566	Various Improvements	150,793.52	-	-	-	49,502.60	87,245.79	136,954.79	-	150,999.92
1589	Various Improvements	699,833.12	-	-	-	32,179.96	12,152.90	44,332.86	-	699,833.12
1611	Fees & Compensation	40,182.35	-	-	-	826,928.39	21,311.89	848,240.28	-	40,182.35
1636	Various Improvements	(937,648.71)	-	-	1,000,000.00	1,328,275.95	456,115.36	877,180.79	-	(844,859.23)
1653	Various Improvements	-	-	-	-	1,679.99	450,790.51	-	-	(452,470.50)
		\$ 3,614,615.67	-	-	1,000,000.00	2,262,423.77	3,854,450.98	3,854,450.98	-	2,352,191.90

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

Balance December 31, 2019		\$	6,964,742.54
Increased by Receipts:			
Consumer Accounts Receivable	9,491,996.76		
	<hr/>		<hr/>
			9,491,996.76
			16,456,739.30
Payments to Treasurer			<hr/>
			9,295,869.67
Balance December 31, 2020		\$	<hr/> <hr/>
			7,160,869.63

See Accompanying Auditor's Report

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

Balance December 31, 2019		\$ 292,003.00
Increased by Receipts:		
Consumer Accounts Charges and Levies	9,089,139.91	
Overpayments & Adjustments	4,569.18	
Refunds	223.50	
	<hr/>	<hr/> 9,093,932.59
		9,385,935.59
Decreased by Disbursements:		
Collections	8,794,335.78	
Prepaid Applied	308,791.67	
Overpayments Applied	4,569.18	
	<hr/>	<hr/> 9,107,696.63
Balance December 31, 2020		\$ <u><u>278,238.96</u></u>

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 57,469.17	57,469.17	19,779.87	37,689.30	-
Other Expenses	382,731.85	382,731.85	191,118.56	191,613.29	-
Insurance	6,391.00	6,391.00	-	6,391.00	-
Cape May County MUA	448,787.00	448,787.00	(8,426.00)	457,213.00	-
	<u>\$ 895,379.02</u>	<u>895,379.02</u>	<u>202,472.43</u>	<u>692,906.59</u>	<u>-</u>

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

Balance December 31, 2019	\$	87,421.95
Increased by:		
Budget Appropriations		75,168.48
		75,168.48
		162,590.43
Decreased By:		
Payments of Debt Service Interest		87,421.95
Payments to Treasurer		87,421.95
Balance December 31, 2020	\$	75,168.48

Analysis of Accrued Interest December 31, 2020

	Principal Outstanding December 31, 2020	Interest Rate	From	To	Days	Amount
<u>Serial Bonds</u>						
\$	920,000.00	Var	11/15/20	12/31/2020	45	4,600.00
	1,560,000.00	Var	10/15/20	12/31/2020	75	9,395.83
	3,330,000.00	Var	09/15/20	12/31/2020	105	27,281.77
	295,000.00	Var	07/15/20	12/31/2020	165	6,760.42
	5,160,000.00	Var	11/01/20	12/31/2020	60	24,750.00
<u>USDA</u>						
\$	2,308,421.49	2.75%	12/03/20	12/31/2020	27	2,380.46
						75,168.48

See Accompanying Auditor's Report

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

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2019		Authorizations		Balance December 31, 2020	
				Funded	Unfunded	Other Funding	Deferred Charges to Future Taxation	Funded	Unfunded
1437	Various Improvements	02/11/08	2,400,000	\$ 494,672.49	-	-	-	494,672.49	-
1479	Various Improvements	03/09/10	1,780,000	88,707.34	-	-	-	10,150.65	78,556.69
1483	Various Improvements	06/29/10	1,100,000	215,403.81	-	-	-	215,403.81	-
1495	Various Improvements	01/11/11	315,000	11,634.85	-	-	-	11,634.85	-
1496	Various Improvements	01/11/11	3,200,000	145,393.13	-	-	-	145,393.13	-
1502	Various Improvements	07/19/11	2,000,000	14,182.80	-	-	-	14,182.80	-
1524	Various Improvements	06/26/12	2,000,000	169,562.22	-	-	-	(793.00)	170,355.22
1566	Various Improvements	04/08/14	2,900,000	150,793.52	-	-	-	(206.40)	150,999.92
1589	Various Improvements	03/15/16	3,800,000	699,833.12	-	-	-	-	699,833.12
1611	Fees & Compensation	07/25/17	1,125,000	40,182.35	-	-	-	-	40,182.35
1636	Various Improvements	07/23/19	1,950,000	-	1,012,351.29	92,789.48	-	1,000,000.00	12,351.29
1653	Various Improvements	04/28/20	2,920,000	-	-	2,920,000.00	-	452,470.50	2,467,529.50
				\$ 2,030,365.63	1,012,351.29	3,012,789.48	-	2,342,908.83	2,479,880.79

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Outstanding December 31, 2020	Date	Amount					
General Obligation Bonds of 2009	11/15/2009	5,030,000	\$ 400,000.00	11/15/2021	4.000%	1,320,000.00	-	400,000.00	920,000.00	
			400,000.00	11/15/2022	4.000%					
				120,000.00	11/15/2023	4.000%				
General Obligation Bonds of 2012	4/15/2012	3,000,000	220,000.00	4/15/2021	2.500%	1,770,000.00	-	210,000.00	1,560,000.00	
			240,000.00	4/15/2022	2.750%					
			270,000.00	4/15/2023	3.000%					
			270,000.00	4/15/2024	3.000%					
			280,000.00	4/15/2025	3.000%					
General Obligation Bonds of 2015	9/15/2015	4,600,000	320,000.00	9/15/2021	3.000%	3,630,000.00	-	300,000.00	3,330,000.00	
			330,000.00	9/15/2022	2.000%					
			350,000.00	9/15/2023	2.125%					
			370,000.00	9/15/2024	3.000%					
			380,000.00	9/15/2025	3.000%					
			380,000.00	9/15/2026	3.000%					
			400,000.00	9/15/2027	3.000%					
		400,000.00	9/15/2028	3.000%						
General Obligation Bonds of 2016	11/1/2016	6,080,000	280,000.00	11/1/2021	2.000%	5,420,000.00	-	260,000.00	5,160,000.00	
			300,000.00	11/1/2022	3.000%					
			320,000.00	11/1/2023	3.000%					
			340,000.00	11/1/2024	3.000%					
			360,000.00	11/1/2025	3.000%					
			380,000.00	11/1/2026	3.000%					
			400,000.00	11/1/2027	2.125%					
			400,000.00	11/1/2028	3.000%					
			400,000.00	11/1/2029	3.000%					
			400,000.00	11/1/2030	3.000%					
			400,000.00	11/1/2031	3.000%					
			400,000.00	11/1/2032	3.000%					
			400,000.00	11/1/2033	3.000%					
		380,000.00	11/1/2034	3.000%						
					\$	12,140,000.00	-	1,170,000.00	10,970,000.00	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2020			Interest Rate	Balance Dec. 31, 2019	Increased	Decreased	Balance Dec. 31, 2020
			Date	Amount						
Refunding Issue of 2014	4/3/2014	1,755,000.00	1/15/2021	\$ 295,000.00	5.000%	590,000.00	-	295,000.00	295,000.00	
						<u>\$ 590,000.00</u>	<u>-</u>	<u>295,000.00</u>	<u>295,000.00</u>	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2020	Date	Amount	Interest Rate	Balance		Decreased	Balance
							Dec. 31, 2019	Dec. 31, 2020		
USDA Loans Payable - 2015	6/3/2015	2,514,000.00	*****			2.750%	2,348,150.57	-	39,729.08	2,308,421.49
							<u>\$ 2,348,150.57</u>	<u>-</u>	<u>39,729.08</u>	<u>2,308,421.49</u>

USDA Bond - semi-annual payments of \$52,015.00 due on June 3 and December 3. Final payment June 3, 2055

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Other	Balance Dec. 31, 2020
1636	Various Improvements	\$ 1,950,000.00	-	1,000,000.00	-	950,000.00
1653	Various Improvements	-	2,920,000.00	-	-	2,920,000.00
		<u>\$ 1,950,000.00</u>	<u>2,920,000.00</u>	<u>1,000,000.00</u>	<u>-</u>	<u>3,870,000.00</u>

CITY OF SEA ISLE CITY

PART II

GENERAL COMMENTS AND RECOMMENDATIONS

FOR THE YEAR ENDED

DECEMBER 31, 2020

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 22, 2020 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 22, 2020 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>
2020	4
2019	4
2018	5

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 2020 and 2021 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>
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%
2016	30,555,049.22	30,136,436.86	98.63%

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CITY OF SEA ISLE CITY

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	\$ 0.734	0.718	0.710	0.672	0.672
Apportionment of Tax Rate:					
Municipal	0.380	0.380	0.385	0.376	0.376
County	0.315	0.298	0.285	0.255	0.255
Local School	0.039	0.040	0.040	0.041	0.041
Assessed Valuation	4,697,231,700	4,653,394,000	4,609,325,900	4,562,274,600	4,515,427,300

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>
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%
2016	9,088.01	404,045.72	413,133.73	1.35%

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

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

June 11, 2021