

EGG HARBOR CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

EGG HARBOR CITY

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EGG HARBOR CITY

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of Common Council
City of Egg Harbor City
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of Egg Harbor City, as of December 31, 2021 and 2020, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of Egg Harbor City as of December 31, 2021 and 2020, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2021 and 2020, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2021 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by Egg Harbor City on the basis of the financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Egg Harbor City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether in our judgement there are conditions or events considered in the aggregate, that raise substantial doubt about Egg Harbor City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Egg Harbor 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2022, on our consideration of Egg Harbor City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Egg Harbor City's internal control over financial reporting and compliance.

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

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

July 6, 2022

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EXHIBIT A - CURRENT FUND

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Cash:		
Treasurer	\$ 1,994,157.91	1,425,484.14
Change	400.00	400.00
Total Cash	<u>1,994,557.91</u>	<u>1,425,884.14</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	21,506.78	18,176.54
Tax Title and Other Liens	859,351.70	890,314.48
Code Enforcement Special Charges	2,774.27	1,465.00
Due from Local School District	-	1.00
Property Acquired for Taxes - at Assessed Valuation	<u>837,089.00</u>	<u>1,011,789.00</u>
Total Receivables and Other Assets	<u>1,720,721.75</u>	<u>1,921,746.02</u>
Deferred Charges:		
Special Emergency NJSA 40:A;4-53	<u>50,000.00</u>	<u>40,000.00</u>
Total Deferred Charges	<u>50,000.00</u>	<u>40,000.00</u>
Total Regular Fund	<u>3,765,279.66</u>	<u>3,387,630.16</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,559,347.83	1,244,584.56
Due from Current Fund	256,041.76	181,087.04
Total Federal and State Grant Fund	<u>1,815,389.59</u>	<u>1,425,671.60</u>
Total Current Fund	<u>\$ 5,580,669.25</u>	<u>4,813,301.76</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 155,808.01	245,146.46
Reserve for Encumbrances	142,530.75	100,804.82
Accounts Payable	31,442.00	37,299.00
Taxes Collected in Advance	160,163.76	121,131.54
Overpaid Taxes	97,362.75	77,688.41
Payroll Taxes Payable	27,196.38	30,100.88
Special Emergency Note Payable	50,000.00	40,000.00
County Added Tax Payable	4,448.46	10,533.61
Regional High School District-Taxes	12,383.37	39,404.47
Due to State:		
Veterans and Senior Citizens	9,043.23	8,893.57
Marriage Licence Fees	175.00	250.00
DCA Training Fees	2,899.00	875.00
Interfund Payable:		
Federal and State Grant Fund	256,041.76	181,087.04
Other Reserve for		
Land Sales	50,000.00	94,500.00
Master Plan Update	43,880.00	-
Curbs and Sidewalks	7,651.71	7,651.71
	<u>1,051,026.18</u>	<u>995,366.51</u>
Reserve for Receivables and Other Assets	1,720,721.75	1,921,746.02
Fund Balance	<u>993,531.73</u>	<u>470,517.63</u>
Total Regular Fund	<u>3,765,279.66</u>	<u>3,387,630.16</u>
Federal and State Grant Fund:		
Unappropriated Reserves	16,058.49	106,060.33
Appropriated Reserves	1,241,038.03	1,151,475.35
Encumbrances Payable	488,302.20	98,145.05
Due to Trust Fund	69,990.87	69,990.87
Total Federal and State Grant Fund	<u>1,815,389.59</u>	<u>1,425,671.60</u>
Total Current Fund	<u>\$ 5,580,669.25</u>	<u>4,813,301.76</u>

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

	2021	2020
Revenue and Other Income Realized		
Fund Balance	\$ 215,000.00	215,000.00
Miscellaneous Revenue Anticipated	2,288,803.89	1,584,156.89
Receipts from Delinquent Taxes	162,164.82	151,963.61
Receipts from Current Taxes	10,229,222.86	10,322,741.53
Non Budget Revenue	53,727.85	48,072.37
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	196,923.55	123,314.35
Cancellation of Prior Year Liabilities	799.09	24,579.61
Total Income	13,146,642.06	12,469,828.36
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,041,450.00	1,914,081.00
Other Expenses	2,733,715.42	2,644,986.00
Deferred Charges & Statutory Expenditures	634,480.00	593,992.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	872,611.01	158,396.23
Capital Improvements	25,000.00	315,000.00
Debt Service	287,112.50	395,135.82
Deferred Charges	40,000.00	55,000.00
Transferred to Board of Education for use by Local and Regional High School Districts	19,002.00	18,758.00
Local District School Tax	3,236,755.00	3,262,914.00
County Tax	1,129,523.58	1,148,352.20
County Share of Added Tax	4,448.46	10,533.61
Regional High School Tax	1,433,762.00	1,499,348.00
Refund of Prior Year Revenue	-	2,805.35
Cancellation of Prior Year Revenue-Grants	767.99	4,709.40
Total Expenditures	12,458,627.96	12,024,011.61
Excess in Revenue	688,014.10	445,816.75

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

	2021	2020
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Special Emergency	50,000.00	-
Total Adjustments	50,000.00	-
Statutory Excess to Fund Balance	738,014.10	445,816.75
Fund Balance January 1	470,517.63	239,700.88
	1,208,531.73	685,517.63
Decreased by:		
Utilization as Anticipated Revenue	215,000.00	215,000.00
Fund Balance December 31	\$ 993,531.73	470,517.63

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87 Realized	
Fund Balance Anticipated	\$ 215,000.00	215,000.00	
Total Fund Balance Anticipated	<u>215,000.00</u>	<u>215,000.00</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	38,000.00	38,638.60	638.60
Other	44,000.00	40,107.00	(3,893.00)
Interest and Costs on Taxes	80,000.00	111,673.90	31,673.90
Interest Earned on Investments	2,000.00	2,885.22	885.22
Rental of Municipal Property	31,000.00	32,107.64	1,107.64
Lake Parking Fees	73,500.00	101,713.00	28,213.00
Campground Royalty	3,000.00	10,156.20	7,156.20
Total Section A: Local Revenues	<u>271,500.00</u>	<u>337,281.56</u>	<u>65,781.56</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	473,461.00	473,461.00	-
Total Section B: State Aid Without Offsetting Appropriations	<u>473,461.00</u>	<u>473,461.00</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	51,500.00	90,963.00	39,463.00
Total Section C: Uniform Construction Code Fees	<u>51,500.00</u>	<u>90,963.00</u>	<u>39,463.00</u>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Recycling Tonnage Grant	5,637.21		5,637.21	
Clean Communities Program	14,440.90		14,440.90	
Bulletproof Vest Partnership Grant	-	1,060.33	1,060.33	
Municipal Alliance on Alcoholism and Drug Abuse	5,539.64		5,539.64	
Body Armor Grant	1,236.59		1,236.59	
Sustainable Jersey Small Grants Program-Resiliency Grant	-	5,000.00	5,000.00	
Statewide Insurance Safety Grant	4,150.00		4,150.00	
DCA Neighborhood Preservation Program				
NPP COVID-19 Relief and Recovery	105,000.00	125,000.00	230,000.00	
American Recovery Plan - 2021				
Coronavirus Local Fiscal Recovery Funds		25,000.00	25,000.00	
NJ Transportation Trust Fund-FY21 100-200s Block Chicago Ave	285,000.00		285,000.00	
Drunk Driving Enforcement Fund	7,440.00		7,440.00	
NJDOT Design Assistance Program-Final Design Addtl-Bikeway	255,221.43		255,221.43	
Total Section F: Special Items - Public and Private Programs	683,665.77	156,060.33	839,726.10	-
Section G: Special Items of General Revenue Anticipated with				
Prior Written Consent of Director of Local Government				
Services - Other Special Items				
Uniform Fire Safety Act	20,000.00		18,302.56	(1,697.44)
Rental Registrations	55,500.00		56,200.00	700.00
Payment in Lieu of Taxes	34,000.00		46,560.51	12,560.51
Vacant Property Registration	25,000.00		15,300.00	(9,700.00)
Cemetery Contribution	15,000.00		15,000.00	-
Conifer PILOT	66,500.00		61,499.16	(5,000.84)
Sale of Property	38,000.00		119,010.00	81,010.00
Coronavirus Local Fiscal Recovery Fund	171,000.00		171,000.00	-
Reserve for Land Sales	44,500.00		44,500.00	-
Total Section G: Other Special Items	469,500.00	-	547,372.23	77,872.23

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Total Miscellaneous Revenues:	1,949,626.77	156,060.33	183,116.79
Receipts from Delinquent Taxes	4,500.00		157,664.82
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	4,557,628.79		130,612.49
Total Amount to be Raised by Taxes for Support of Municipal Budget	4,557,628.79	-	130,612.49
Budget Totals	6,726,755.56	156,060.33	471,394.10
Non- Budget Revenues: Other Non- Budget Revenues:			53,727.85
	\$ 6,726,755.56	156,060.33	525,121.95

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	10,229,222.86
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Allocated to:

School, County and Other Taxes	5,804,489.04
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Balance for Support of Municipal Budget Appropriations	4,424,733.82
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Increased by:

Appropriation "Reserved for Uncollected Taxes"	263,507.46
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Amount for Support of Municipal Budget Appropriations	<u>4,688,241.28</u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	9,832.50
Tax Title Lien Collections	<u>152,332.32</u>

Total Receipts from Delinquent Taxes	<u>162,164.82</u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Collector:

Code Enforcement Fee	1,550.73
Tax Search Fees	90.00
Certificate of Redemption	<u>1,200.00</u>
Subtotal - Tax Collector	2,840.73

Treasurer:

Cable Franchise Fee	13,278.03
Sale of Property	1,914.00
Police Department	3,410.00
Harbor Lights Donation	195.00
ARC Donations	500.00
Miscellaneous Refunds	29,892.99
Veteran's and Senior Citizen 2%	
Administrative Fee	597.50
Other Miscellaneous	<u>1,099.60</u>
Subtotal - Treasurer	<u>50,887.12</u>

Total Miscellaneous Revenue Not Anticipated	\$	<u>53,727.85</u>
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**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
OPERATIONS WITHIN "CAPS"					
GENERAL GOVERNMENT					
Administrative and Executive					
Salaries and Wages					
Governing Body	27,500.00	27,500.00	27,500.00	-	-
Municipal Clerk (Other)	105,000.00	111,000.00	110,462.52	-	537.48
Other Expenses					
City Clerk	18,000.00	19,000.00	17,882.97	590.50	526.53
Governing Body	9,500.00	9,100.00	8,115.54	229.69	754.77
Financial Administrator					
Salaries and Wages	80,500.00	80,000.00	79,573.55	-	426.45
Other Expenses	40,000.00	37,000.00	35,149.69	1,467.97	382.34
Audit Services	25,500.00	25,500.00	25,500.00	-	-
Assessment of Taxes					
Salaries and Wages	20,200.00	20,200.00	19,986.00	-	214.00
Other Expenses	9,500.00	9,500.00	9,031.16	-	468.84
Tax Collector					
Salaries and Wages	35,000.00	37,000.00	36,608.05	-	391.95
Other Expenses:					
Tax Sale Costs	600.00	5,600.00	650.00	4,950.00	-
Miscellaneous Other Expenses	5,500.00	5,500.00	4,827.00	516.48	156.52
Liquidation of Tax Title Liens and					
Foreclosed Property					
Other Expenses	100.00	100.00	100.00	-	-
Legal Services and Costs					
Other Expenses	100,000.00	125,000.00	107,547.60	10,073.76	7,378.64
Engineering Services and Costs					
Other Expenses	20,000.00	75,000.00	68,731.00	2,500.00	3,769.00
Public Buildings and Grounds:					
Other Expenses	30,000.00	40,000.00	30,528.78	7,515.02	1,956.20
Municipal Land Use Law (NJSA 40:55D-1					
Combined Planning & Zoning/Code Board					
Salaries and Wages	66,500.00	66,500.00	65,851.08	-	648.92
Other Expenses	15,000.00	10,000.00	8,400.36	-	1,599.64
Contractual-Engineering	19,000.00	19,000.00	9,500.00	9,500.00	-
Economic Development					
Other Expenses	100.00	100.00	-	-	100.00

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

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC SAFETY						
Fire						
Salaries and Wages	2,700.00	2,700.00	2,700.00	-	-	-
Other Expenses:						
Aid to Volunteer Companies	30,000.00	30,000.00	30,000.00	-	-	-
Fire Prevention						
Salaries and Wages	13,500.00	13,500.00	13,500.00	-	-	-
Other Expenses	1,500.00	1,500.00	1,174.03	-	325.97	-
Right to Know Act/Safety Coordinator						
Salaries and Wages	1,500.00	1,500.00	1,500.00	-	-	-
Other Expenses	250.00	250.00	-	-	250.00	-
Police						
Salaries and Wages	1,355,000.00	1,316,500.00	1,261,972.27	-	54,527.73	-
Other Expenses:						
Miscellaneous Other Expenses	89,100.00	89,100.00	50,647.75	37,478.52	973.73	-
Police Radio and Communications						
Salaries and Wages	1,200.00	1,200.00	1,200.00	-	-	-
Other Expenses	185,000.00	185,400.00	185,365.56	-	34.44	-
Municipal Court						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	63,000.00	19,000.00	18,000.00	-	1,000.00	-
Public Defender						
Salaries and Wages	-	-	-	-	-	-
First Aid Organization- Contribution	30,000.00	30,000.00	30,000.00	-	-	-
Emergency Management Services						
Salaries and Wages	1,050.00	1,050.00	1,050.00	-	-	-
Other Expenses	900.00	900.00	-	500.00	400.00	-
PUBLIC WORKS						
Solid Waste Collection (Public Works)						
Salaries and Wages	270,000.00	250,000.00	232,174.53	-	17,825.47	-
Other Expenses:						
Hauling Fee (Tipping and Hauling Fee	300,000.00	301,000.00	300,947.03	-	52.97	-
Miscellaneous Other Expenses	27,500.00	42,500.00	25,652.12	16,605.31	242.57	-
Vehicle Maintenance	110,000.00	125,000.00	100,824.35	12,765.58	11,410.07	-
Solid Waste Disposal Cost	175,000.00	177,000.00	166,435.99	-	10,564.01	-

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
City Garage					
Salaries and Wages	100.00	100.00	-	-	100.00
Other Expenses	90.00	90.00	-	-	90.00
HEALTH AND WELFARE					
Animal Control (Dog Regulation)					
Other Expenses	10,200.00	10,200.00	8,514.00	760.00	926.00
RECREATION AND EDUCATION					
Parks and Playgrounds					
Salaries and Wages	55,500.00	46,500.00	46,362.00	-	138.00
Other Expenses:					
Lining of Kern Field	25.00	25.00	-	-	25.00
Miscellaneous Other Expenses	9,400.00	18,400.00	9,331.92	7,397.36	1,670.72
Anniversary or Holiday					
Other Expenses	4,500.00	4,500.00	3,349.00		1,151.00
Youth Program					
Other Expenses:					
Key Rec Youth Group	5,000.00	5,000.00	5,000.00	-	-
Crusaders Youth Program	14,000.00	14,000.00	14,000.00	-	-
INSURANCE					
Group Insurance Plans for Employees	525,000.00	488,850.00	475,882.30	-	12,967.70
Firemen's Group Insurance Premiums	14,000.00	14,000.00	10,775.14	-	3,224.86
Surety Bond Premiums	1,000.00	200.00	-	-	200.00
Other Insurance Premiums:					
Liability Insurance (JIF)	208,813.38	208,813.38	208,813.38	-	-
Workers Compensation (JIF)	121,637.04	121,637.04	121,637.04	-	-
Health Benefits Waiver	2,500.00	2,750.00	2,708.33	-	41.67
UNIFORM CONSTRUCTION CODE					
Construction Officia					
Salaries and Wages	66,000.00	66,200.00	66,137.86	-	62.14
Other Expenses	1,350.00	1,350.00	866.75	0.90	482.35

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
UNCLASSIFIED					
Street Lighting	130,000.00	131,000.00	119,443.51	11,547.70	8.79
Gasoline	49,500.00	59,500.00	51,723.73	2,837.51	4,938.76
Electric	110,000.00	120,000.00	103,669.94	9,096.01	7,234.05
Natural Gas	29,250.00	28,250.00	20,555.07	3,645.93	4,049.00
Telephone	37,500.00	39,500.00	36,694.05	2,552.51	253.44
Fire Hydrant Service	30,000.00	30,000.00	30,000.00	-	-
Accumulated Absences	15,000.00	53,500.00	53,500.00	-	-
TOTAL OPERATIONS WITHIN "CAPS"	4,725,065.42	4,775,065.42	4,478,052.95	142,530.75	154,481.72
Contingent	100.00	100.00	-	-	100.00
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	4,725,165.42	4,775,165.42	4,478,052.95	142,530.75	154,581.72
Detail:					
Salaries and Wages	2,101,250.00	2,041,450.00	1,966,577.86	-	74,872.14
Other Expenses	2,623,915.42	2,733,715.42	2,511,475.09	142,530.75	79,709.58
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
None					
Statutory Expenditures					
Contributions to:					
Public Employees' Retirement System	126,413.00	126,413.00	126,413.00	-	-
Social Security System (O.A.S.I.)	160,000.00	160,000.00	158,773.71	-	1,226.29
Police and Fireman's Retirement System of NJ	340,567.00	340,567.00	340,567.00	-	-
Unemployment Compensation Insurance	7,500.00	7,500.00	7,500.00	-	-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES	634,480.00	634,480.00	633,253.71	-	1,226.29

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	5,359,645.42	5,409,645.42	5,111,306.66	142,530.75	155,808.01
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS" Recycling Tax Appropriator	6,500.00	6,500.00	6,500.00	-	-
	<u>6,500.00</u>	<u>6,500.00</u>	<u>6,500.00</u>	<u>-</u>	<u>-</u>
(A) Public and Private Programs Off-Set by Revenues					
Matching Funds for Grants	25,000.00	25,000.00	25,000.00	-	-
Clean Communities Act (NJSA 13:13-99.1 et. seq.)	14,440.90	14,440.90	14,440.90	-	-
Recycling Tonnage Grant	5,637.21	5,637.21	5,637.21	-	-
Body Armor	1,236.59	1,236.59	1,236.59	-	-
Sustainable Jersey Small Grants Program- Stewardship Grant	-	5,000.00	5,000.00	-	-
Statewide Insurance Safety Grant	4,150.00	4,150.00	4,150.00	-	-
DCA Neighborhood Preservation Program					
NPP COVID-19 Relief and Recovery	105,000.00	105,000.00	105,000.00	-	-
NPP Grant Year 2	-	125,000.00	125,000.00	-	-
NJ Trans Trust Fund-FY21 100-200s Block Chicago Ave	285,000.00	285,000.00	285,000.00	-	-
Municipal Alliance July 1-June 30	5,539.64	5,539.64	5,539.64	-	-
Municipal Alliance Local Share	1,384.91	1,384.91	1,384.91	-	-
Drunk Driving Enforcement Fund	7,440.00	7,440.00	7,440.00	-	-
NJDOT Design Assist-Final Design Addtl-Bikeway	255,221.43	255,221.43	255,221.43	-	-
Bulletproof Vest	-	1,060.33	1,060.33	-	-
ARP LFRF COVID Grant	-	25,000.00	25,000.00	-	-
	<u>710,050.68</u>	<u>866,111.01</u>	<u>866,111.01</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues					
Total Operations - Excluded from "CAPS"	716,550.68	872,611.01	872,611.01	-	-
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	716,550.68	872,611.01	872,611.01	-	-
(C) Capital Improvements					

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

	Appropriations		Expended			(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	
Capital Improvement Fund	25,000.00	25,000.00	25,000.00	-	-	-
Total Capital Improvements	<u>25,000.00</u>	<u>25,000.00</u>	<u>25,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(D) Debt Service	190,000.00	190,000.00	190,000.00	-	-	-
Payment of Bond Principa	53,750.00	53,750.00	53,750.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	24,000.00	24,000.00	23,512.50	-	-	487.50
Interest on Bonds	35,300.00	35,300.00	19,850.00	-	-	15,450.00
Interest on Notes						
Total Debt Service	<u>303,050.00</u>	<u>303,050.00</u>	<u>287,112.50</u>	<u>-</u>	<u>-</u>	<u>15,937.50</u>
(E) Deferred Charges						
Emergency Authorizations	40,000.00	40,000.00	40,000.00	-	-	-
Special Emergency Authorizations - 5 years						
Total Deferred Charges	<u>40,000.00</u>	<u>40,000.00</u>	<u>40,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
(N) Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 & 17.3)	19,002.00	19,002.00	19,002.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>1,103,602.68</u>	<u>1,259,663.01</u>	<u>1,243,725.51</u>	<u>-</u>	<u>-</u>	<u>15,937.50</u>

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

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
SUBTOTAL GENERAL APPROPRIATIONS	6,463,248.10	6,669,308.43	6,355,032.17	142,530.75	15,937.50
(M) Reserve for Uncollected Taxes	263,507.46	263,507.46	263,507.46		
TOTAL GENERAL APPROPRIATIONS	<u>\$ 6,726,755.56</u>	<u>6,932,815.89</u>	<u>6,618,539.63</u>	<u>142,530.75</u>	<u>15,937.50</u>
Budget		6,726,755.56			15,937.50
Appropriations by 40A 4-87		156,060.33			-
Emergency Appropriations (Special)		50,000.00			<u>15,937.50</u>
		<u>6,932,815.89</u>			
Reserve for Uncollected Taxes			263,507.46		
Special Emergency - Master Plan			50,000.00		
Federal and State Grants			866,111.01		
Deferred Charges			40,000.00		
Disbursements			<u>5,612,564.80</u>		
			6,832,183.27		
Less Appropriation Refunds			<u>(213,643.64)</u>		
			<u>6,618,539.63</u>		
			Cancelled	Overexpended	

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EXHIBIT B - TRUST FUND

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

	2021	2020
ASSETS		
Animal Control Fund:		
Cash	\$ 260.20	99.60
	260.20	99.60
Other Funds:		
Cash - Treasurer	287,125.04	269,141.28
Cash - Collector	753,268.82	455,859.39
Due from Federal and State Grant Fund	69,990.87	69,990.87
	1,110,384.73	794,991.54
	1,110,644.93	795,091.14
 LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Reserve for Expenditures	260.20	99.60
	260.20	99.60
Other Funds:		
Reserve for Program Loan Repayment	158,663.10	153,033.10
Reserves - Miscellaneous	951,721.63	641,958.44
	1,110,384.73	794,991.54
	\$ 1,110,644.93	795,091.14

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

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EXHIBIT C - CAPITAL FUND

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 80,238.04	107,955.80
Due from State of New Jersey - Federal and State Grants	218,546.25	372,266.25
Deferred Charges to Future Taxation -		
Funded	950,000.00	1,140,000.00
Unfunded	814,250.00	778,000.00
	<u>2,063,034.29</u>	<u>2,398,222.05</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	288,719.20	353,949.68
Bond Anticipation Notes Payable	724,250.00	778,000.00
Serial Bonds Payable	950,000.00	1,140,000.00
Improvement Authorizations:		
Funded	30,829.27	43,656.13
Unfunded	50,244.75	52,602.85
Capital Improvement Fund	10,001.60	25,001.60
Fund Balance	8,989.47	5,011.79
	<u>\$ 2,063,034.29</u>	<u>2,398,222.05</u>

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

2020	-
2021	90,000.00

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

	<u>2021</u>	<u>2020</u>
Beginning Balance January 1	\$ 5,011.79	5,011.79
Increased by:		
Premium on Sale of Bond Anticipation Notes	<u>3,977.68</u>	
Ending Balance December 31	<u>\$ 8,989.47</u>	<u>5,011.79</u>

EXHIBIT D - WATER AND SEWER UTILITY FUND

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

	2021	2020
<u>ASSETS</u>		
Operating Fund:		
Cash - Treasurer	\$ 525,239.30	449,874.65
Change Fund	200.00	200.00
Due from State-NJDOT Reimbursement	2,448.08	53,236.36
	527,887.38	503,311.01
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	179,908.45	113,973.77
Water and Sewer Utility Liens	14,127.40	25,329.80
	194,035.85	139,303.57
Total of Operating Fund	\$ 721,923.23	642,614.58

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

	2021	2020
Capital Fund:		
Cash	\$ 801,305.01	449,736.31
Fixed Capital - Sewer	13,012,043.44	12,992,115.44
Fixed Capital - Water	16,403,469.36	16,383,541.36
Fixed Capital - Authorized & Uncomp.	15,644.00	55,500.00
Total of Capital Fund	30,232,461.81	29,880,893.11
	30,954,385.04	30,523,507.69
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	31,843.80	83,428.47
Reserve for Encumbrances	66,899.41	32,764.70
Accounts Payable	20,855.68	20.00
Accrued Interest on Bonds	95,103.86	106,076.89
Utility Rent Overpayments	3,285.60	4,158.94
Payments Received in Advance		
Utility Rents	150,389.30	136,736.08
Fire Receipts	-	400.00
Reserve to Pay Debt	6,302.96	29,470.96
	374,680.61	393,056.04
Reserve for Receivables	194,035.85	139,303.57
Fund Balance	153,206.77	110,254.97
Total of Operating Fund	\$ 721,923.23	642,614.58

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,**

	2021	2020
Capital Fund:		
Bond Anticipation Notes	\$ 547,750.00	555,000.00
Serial Bonds-Water and Sewer Improvement Authorizations	14,478,348.25	15,028,883.32
Unfunded	15,644.00	25,500.00
Reserves for:		
Amortization - Water	9,134,802.41	8,850,148.90
Amortization - Sewer	5,121,006.57	4,855,125.00
Amortization - Deferred	24,250.00	17,000.00
Water Quality Act Improvements	901,185.67	542,769.29
Fund Balance	9,474.92	6,466.60
 Total of Capital Fund	 30,232,461.81	 29,880,893.11
 Total Liabilities, Reserves and Fund Balance	 \$ 30,954,385.04	 30,523,507.69

There were Bonds and Notes authorized but not issued at December 31

2020	125,000.00
2021	125,000.00

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

	2021	2020
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 100,000.00	-
Rents	1,930,632.30	1,857,178.64
Miscellaneous Revenue Anticipated	51,812.56	172,435.94
Fire Hydrant Service	30,000.00	30,000.00
Reserve for Debt Service	23,168.00	-
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	27,255.25	14,864.44
Cancellation of Prior Year Liabilities	20.00	7,200.00
Refund of Prior Year Expenditures	3,023.92	-
 Total Income	 2,165,912.03	 2,081,679.02
<u>Expenditures</u>		
Operating	1,017,918.00	1,028,000.00
Debt Service	984,042.23	1,026,234.37
Deferred Charges and Statutory Expenditures	21,000.00	21,000.00
Refund of Prior Year Revenue	-	498.63
 Total Expenditures	 2,022,960.23	 2,075,733.00
 Excess in Revenue	 142,951.80	 5,946.02
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute deferred charges to budget of succeeding year		-
 Statutory Excess to Fund Balance	 142,951.80	 5,946.02
 Fund Balance January 1	 110,254.97	 104,308.95
Decreased by:		
Utilization as Anticipated Revenue	100,000.00	-
Fund Balance December 31	\$ 153,206.77	110,254.97

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

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

	<u>2021</u>	<u>2020</u>
Balance Beginning of Year	\$ 6,466.60	6,466.60
Increased by:		
Premium on Sale of Bonds Anticipation Notes	3,008.32	-
Balance End of Year	<u>\$ 9,474.92</u>	<u>6,466.60</u>

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

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 100,000.00	100,000.00	-
Water and Sewer Rents	1,830,000.00	1,930,632.30	100,632.30
Miscellaneous	50,000.00	51,812.56	1,812.56
Fire Hydrant Services	30,000.00	30,000.00	-
Reserve to Pay Debt	23,168.00	23,168.00	-
	<u>\$ 2,033,168.00</u>	<u>2,135,612.86</u>	<u>102,444.86</u>

Analysis of Realized RevenueRents

Consumer Accounts Receivable	2,272,882.97
Tax Title Liens	16,165.71
Due to Utility Capital - Water Quality Act Capital Fee	<u>(358,416.38)</u>
Total Collections	<u>1,930,632.30</u>

Miscellaneous

Interest and Penalties	14,811.18
Water Tap Fee	2,200.00
Sewer Tap Fee	3,200.00
Interest on Investments	1,207.10
Fire	29,921.50
Miscellaneous Other	<u>72.78</u>
Revenue Realized	51,412.56
Apply Prepaid Fire Receipts	<u>400.00</u>
Total Miscellaneous Revenue Realized	<u>\$ 51,812.56</u>

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

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

	Appropriations		Expended			(Over expended)
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
OPERATING						
Salaries and Wages	\$ 245,000.00	245,000.00	244,955.78	-	44.22	
Other Expenses	381,747.00	381,747.00	311,280.67	44,096.20	26,370.13	
Engineering Fees	5,000.00	5,000.00	306.00		4,694.00	
Legal Fees	5,100.00	5,100.00	(3,826.50)	8,550.00	376.50	
Atlantic County Sewerage Authority - Contractual	381,071.00	381,071.00	366,815.63	14,253.21	2.16	
	<u>1,017,918.00</u>	<u>1,017,918.00</u>	<u>919,531.58</u>	<u>66,899.41</u>	<u>31,487.01</u>	<u>-</u>
CAPITAL IMPROVEMENTS						
Down Payments on Improvements	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEBT SERVICE						
Payment of Bond Principal	551,000.00	551,000.00	550,535.07	-		464.93
Payment of Bond Anticipation Notes and Capital Notes	7,250.00	7,250.00	7,250.00	-		-
Interest on Bonds	420,000.00	420,000.00	418,743.16	-		1,256.84
Interest on Notes	16,000.00	16,000.00	7,514.00	-		8,486.00
	<u>994,250.00</u>	<u>994,250.00</u>	<u>984,042.23</u>	<u>-</u>	<u>-</u>	<u>10,207.77</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	20,000.00	20,000.00	19,643.21	-	356.79	
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00	-	-	
Deferred Charges:						
None	-	-				
	<u>21,000.00</u>	<u>21,000.00</u>	<u>20,643.21</u>	<u>-</u>	<u>356.79</u>	<u>-</u>
	<u>\$ 2,033,168.00</u>	<u>2,033,168.00</u>	<u>1,924,217.02</u>	<u>66,899.41</u>	<u>31,843.80</u>	<u>10,207.77</u>
Adopted Budget		2,033,168.00				
Emergency Appropriation		-				
		<u>2,033,168.00</u>				
			Interest on Bonds and Notes Disbursed	426,257.16 <u>1,497,959.86</u>		
				<u>1,924,217.02</u>		

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EXHIBIT G - GENERAL FIXED ASSET GROUP OF ACCOUNTS

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GENERAL FIXED ASSETS ACCOUNT GROUP
STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS
AS OF DECEMBER 31,

	<u>2021</u>	<u>2020</u>
General Fixed Assets:		
Buildings	\$ 1,248,177.11	1,208,321.11
Improvements Other than Buildings	561,682.50	561,682.50
Equipment	667,454.22	755,616.32
Vehicles	1,626,863.81	1,716,508.13
Furniture	<u>4,832.00</u>	<u>12,332.00</u>
Total General Fixed Assets	<u><u>4,109,009.64</u></u>	<u><u>4,254,460.06</u></u>
Investment in General Fixed Assets	<u><u>\$ 4,109,009.64</u></u>	<u><u>4,254,460.06</u></u>

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NOTES TO FINANCIAL STATEMENTS

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Egg Harbor City was incorporated in 1858 and is located in the northern section of Atlantic County. The population estimate by the US Department of Census as of July 2018 is 4,104. The City provides the following services to its citizens: public safety, recreation, public improvements, planning and zoning, garbage and trash collection, water and sewer services, and general administrative services.

Egg Harbor City is governed by a Mayor and a nine-member City Council. The Mayor is the chief executive officer and Council is the legislative body of the City. The Mayor is elected to a four-year term and the nine City Council members are elected to three-year terms. The Council monitors the daily administrative functions.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Egg Harbor City operates a Cemetery which is managed by a seven member board. Although the Cemetery is a component unit of the City, under State of New Jersey reporting requirements it is not included in these financial statements. Complete financial statements of the Egg Harbor City Cemetery may be obtained from the City Clerk, Egg Harbor City, 500 London Avenue, Egg Harbor City, NJ 08215.

B. Description of Funds

The accounting policies of Egg Harbor 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, Egg Harbor 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 and acquisition of capital facilities other than those acquired in the Current Fund.

As permitted by Generally Accepted Accounting Principles (GAAP), the City has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board

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

Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure, issued before November 30, 1989 in its accounting and reporting practices for its water and sewer utility fund.

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

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from 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 City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; 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. Ordinarily, it is the intention of the City to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of the foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

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

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

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

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

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. The City's fixed asset capitalization threshold is \$5,000 for both general and utility capital assets.

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

The following schedule is a summarization of the changes in general fixed assets for the calendar years ended December 31, 2021 and 2020.

	Balance 12/31/2020	Additions/ Transfers	Disposals/ Transfers	Balance 12/31/2021
Buildings	\$ 1,208,321.11	39,856.00		1,248,177.11
Improvements	561,682.50			561,682.50
Equipment	755,616.32	24,908.40	113,070.50	667,454.22
Furniture	12,332.00		7,500.00	4,832.00
Vehicles	1,716,508.13		89,644.32	1,626,863.81
	<u>\$ 4,254,460.06</u>	<u>64,764.40</u>	<u>210,214.82</u>	<u>4,109,009.64</u>

	Balance 12/31/2019	Additions/ Transfers	Disposals/ Transfers	Balance 12/31/2020
Buildings	\$ 1,208,321.11			1,208,321.11
Improvements	561,682.50			561,682.50
Equipment	755,616.32			755,616.32
Furniture	12,332.00			12,332.00
Vehicles	1,737,236.78		20,728.65	1,716,508.13
	<u>\$ 4,275,188.71</u>	<u>-</u>	<u>20,728.65</u>	<u>4,254,460.06</u>

The following schedule is a summarization of the changes in utility capital fixed assets for the calendar years ended December 31, 2021 and 2020. Under the New Jersey Regulatory Basis of Accounting no depreciation is taken on these assets.

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

	Balance 12/31/2020	Additions	Adjustments/ Disposals	Balance 12/31/2021
Sewer Assets	\$ 12,992,115.44	19,928.00		13,012,043.44
Water Assets	16,383,541.36	19,928.00		16,403,469.36
Authorized Assets				
Sewer	55,500.00		39,856.00	15,644.00
	<u>\$ 29,431,156.80</u>	<u>39,856.00</u>	<u>39,856.00</u>	<u>29,431,156.80</u>

	Balance 12/31/2019	Additions	Adjustments/ Disposals	Balance 12/31/2020
Sewer Assets	\$ 12,992,115.44			12,992,115.44
Water Assets	16,383,541.36			16,383,541.36
Authorized Assets				
Sewer	55,500.00			55,500.00
	<u>\$ 29,431,156.80</u>	<u>-</u>	<u>-</u>	<u>29,431,156.80</u>

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

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

Utility Levy – The City operates both a sewer and water utility. Rates are determined by ordinance and changed when needed. Sewer charges are based on flat fees based on the type of entity. Water charges are based on a flat “meter” charge, based on the size of the meter, plus a usage charge as determined by meter readings. The water and sewer charges are billed on January 1, April 1, July 1, and October 1. The City establishes a 100% reserve for all outstanding water and sewer receivables. Revenue is recognized when the payment is made.

Interest on Delinquencies – On an annual basis, City Council determines the rate of interest to charge for delinquent tax and utility charges. For the years 2021 and 2020 the City charged 8% of the first \$1,500.00 of delinquency and 18% for any cumulative amount in excess of \$1,500.00. In addition, there is an annual charge of 6% for any delinquencies in excess of \$10,000.00 on December 31. The City allows a ten (10) day grace period from the quarterly due date; but the interest is calculated from the due date for any payments beyond the grace period.

Capitalization of Interest -- It is the policy of Egg Harbor City to treat interest on general capital projects as a current expense and the interest is included in the current operating budget. Total interest charged to the operating budget was \$43,362.50 in 2021 and \$51,385.82 in 2020. For utility capital projects, the City elects on a project by project basis the decision to capitalize interest. Total interest charged to the utility operating budget was \$426,257.16 in 2021 and \$448,361.92 in 2020. During the years ended December 31, 2021 and 2020, no interest, was charged to utility capital projects.

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 reports amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

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 City'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.

F. Recent Accounting Pronouncements Not Yet Effective

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 2021 and 2020 statutory budgets included a reserve for uncollected taxes in the amount of \$263,507.46 and \$250,821.00. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$215,000.00 and \$215,000.00.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2021 and 2020 calendar years:

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

	<u>2021</u>	<u>2020</u>
Police		
Salaries & Wages	\$ (38,500.00)	(18,000.00)
Legal Services and Costs		
Other Expenses	25,000.00	-
Fire		
Other Expenses		
Aid to Volunteer Companies	-	15,000.00
Engineering		
Other Expenses	55,000.00	-
Public Works		
Salaries and Wages	-	(24,700.00)
Other Expenses -		
Miscellaneous Other Expenses	15,000.00	10,500.00
Vehicle Maintenance	-	19,000.00
Solid Waste Disposal Cost	--	19,000.00
Emergency Management Services		
Other Expenses	-	10,000.00
Municipal Court		
Salaries & Wages	(44,000.00)	-
Group Insurance	(36,150.00)	(25,000.00)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During the 2021 and 2020 calendar years, City Council approved the following budget insertions:

	<u>2021</u>	<u>2020</u>
Bulletproof Vest Partnership Grant	\$ 1,060.33	-
Clean Communities	-	13,575.84
American Recovery Plan - 2021 Coronavirus		
Local Fiscal Recovery Funds	25,000.00	-
DCA Neighborhood Preservation Program-		
NPP COVID-19 Relief and Recovery	125,000.00	85,000.00
Sustainable Jersey Small Cities Program	5,000.00	10,000.00
	<u>\$ 156,060.33</u>	<u>108,575.84</u>

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During the 2021 calendar year, City Council adopted a special emergency in the amount of \$50,000 for the Master Plan Update. During the 2016 calendar year, City Council adopted a special emergency in the amount of \$200,000 for the City-wide Reassessment Program. No emergency appropriations were approved by the Common Council during the 2021 and 2020 calendar years.

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

Note 3: INVESTMENTS

As of December 31, 2021 and 2020, the municipality has investments totaling \$0.00 and \$0.00.

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 City may 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 funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2021 and 2020, \$0 of the municipality's bank balance of \$4,444,198.50 and \$3,166,131.94 was exposed to custodial credit risk.

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

Note 5: LONG TERM DEBT

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

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021	Due in One Year
General	\$ 1,140,000.00		190,000.00	950,000.00	190,000.00
Water and Sewer Utility	15,028,883.32		550,535.07	14,478,348.25	569,280.55
Compensated Absences	382,628.60		55,999.79	326,628.81	-
Total	16,551,511.92	-	796,534.86	15,754,977.06	759,280.55

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Due in One Year
General	\$ 1,430,000.00		290,000.00	1,140,000.00	190,000.00
Water and Sewer Utility	15,600,755.77		571,872.45	15,028,883.32	550,535.06
Compensated Absences	360,074.28	22,554.32		382,628.60	-
Total	17,390,830.05	22,554.32	861,872.45	16,551,511.92	740,535.06

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

\$1,543,000 General Improvement Bond dated 4/13/16 payable in annual installments commencing 4/1/17 and continuing through 4/1/26. Interest is paid semiannually at 2.250% per annum. The bonds are not subject to redemption prior to their stated maturities. The balance remaining as of December 31, 2021 was \$950,000.00.

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

\$1,690,000 Water and Sewer Refunding Bond dated April 26, 2011 payable in annual installments commencing 8/1/11 and continuing through 8/1/25. Interest is paid semiannually at varying rates ranging from 2.00% to 4.00%. The total savings to the City was \$58,271, or 3.695% as a result of refunding the 1990 bond issues. Refunding bonds maturing on or after 8/1/22 are subject to redemption prior to maturity at the option of the City on any date on or after 8/1/21. The balance remaining as of December 31, 2021 was \$635,000.00.

\$5,056,000 Water and Sewer Utility Bond dated 10/14/11 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$96,216 through 10/14/51. Interest is calculated at 2.25% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2021 was \$4,179,242.72.

\$5,295,000 Water and Sewer Refunding Bonds dated 10/8/14 payable in annual installments commencing 10/15/17 and continuing through 10/15/43. Interest is paid semiannually at varying rates ranging from 2.0% to 4.0%. The total savings to the City was \$254,145, or 4.973% as a result of refunding the 2002, 2004, 2005, and 2008 USDA Loans. Refunding bonds maturing on or after 10/15/25 are subject to redemption prior to maturity at the option of the City on any date on or after 10/15/24. The remaining balance as of December 31, 2021 was \$4,775,000.00.

\$1,700,000 Water and Sewer Utility Bond dated 4/13/16 payable in annual installments commencing 4/1/17 and continuing through 4/1/31. Interest is paid semiannually at varying rates ranging from 2.25% to 2.5%. Bonds maturing on or after 4/1/27 are redeemable at the option of the City in whole or in part on any date on or after 4/1/26. The balance remaining as of December 31, 2021 was \$1,275,000.00.

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

\$3,974,000 Water and Sewer Utility Bond dated 4/14/16 with the United States Department of Agriculture, Rural Economic and Community Development. This bond is payable in semiannual installments of \$75,626 through 4/14/56. Interest is calculated at 2.25% and is included in the semiannual installments. The City has received approval from the Local Finance Board to use this method of interest calculation for this issue. The remaining balance as of December 31, 2021 was \$3,614,105.53.

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

Year	General Capital		Utility Capital	
	Principal	Interest	Principal	Interest
2022	\$ 190,000.00	19,237.50	569,280.55	407,628.45
2023	190,000.00	14,962.50	583,110.79	392,173.21
2024	190,000.00	10,687.50	597,027.69	375,543.81
2025	190,000.00	6,412.50	616,033.22	358,088.28
2026	190,000.00	2,137.50	500,129.38	339,017.12
2027-2031			2,640,407.57	1,493,006.18
2032-2036			2,202,641.70	1,160,503.30
2037-2041			2,588,752.78	776,342.22
2042-2046			1,995,383.43	369,636.57
2047-2051			1,544,925.49	169,049.32
2052-2056			640,655.65	36,417.00
	<u>\$ 950,000.00</u>	<u>53,437.50</u>	<u>14,478,348.25</u>	<u>5,877,405.46</u>

As of December 31, 2021, the carrying value of the above bonds approximates the fair value of the bonds.

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

Summary of Municipal Debt

	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Issued			
General-Bonds and Notes	\$ 1,674,250.00	1,918,000.00	2,168,750.00
Water & Sewer Utility - Bonds and Notes	<u>15,026,098.25</u>	<u>15,583,883.32</u>	<u>16,161,755.77</u>
Total Issued	<u>16,700,348.25</u>	<u>17,501,883.32</u>	<u>18,330,505.77</u>
Authorized But Not Issued			
General – Bonds and Notes	90,000.00	0.00	93,000.00
Water & Sewer Utility – Bonds and Notes	<u>125,000.00</u>	<u>125,000.00</u>	<u>125,000.00</u>
Total Authorized But Not Issued	<u>215,000.00</u>	<u>125,000.00</u>	<u>218,000.00</u>
Total	<u>\$ 16,915,348.25</u>	<u>17,626,883.32</u>	<u>18,548,505.77</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 0.807%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 6,140,000.00	6,140,000.00	-
Regional High School District Debt	1,324,060.87	1,324,060.87	-
Water & Sewer Utility Debt	15,151,098.25	15,151,098.25	-
General Debt	<u>1,764,250.00</u>	-	<u>1,764,250.00</u>
	<u>\$ 24,379,409.12</u>	<u>22,615,159.12</u>	<u>1,764,250.00</u>

As a Kindergarten through Grade 8 District, the allowable deduction to gross debt is limited to 3% of the average equalized valuation. As indicated above, the Local School District gross debt exceeded 3%, and therefore a portion is included as Net Debt to the City.

Net Debt \$1,764,250.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$218,603,479.00=0.807%.

The above information is in agreement with the Annual Debt Statement filed by Egg Harbor City.

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 7,651,121.77
Net Debt	<u>1,764,250.00</u>
Remaining Borrowing Power	<u>\$ 5,886,871.77</u>

Note 6: SHORT TERM OBLIGATIONS

	<u>Balance</u> <u>12/31/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2021</u>
General Capital Notes	\$ 778,000.00		53,750.00	724,250.00
Utility Capital Notes	555,000.00		7,250.00	547,750.00
Special Emergency Notes	<u>40,000.00</u>	<u>50,000.00</u>	<u>40,000.00</u>	<u>50,000.00</u>
	<u>\$ 1,373,000.00</u>	<u>50,000.00</u>	<u>101,000.00</u>	<u>1,322,000.00</u>

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

	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020
General Capital Notes	\$ 738,750.00	93,000.00	53,750.00	778,000.00
Utility Capital Notes	561,000.00		6,000.00	555,000.00
Special Emergency Notes	80,000.00		40,000.00	40,000.00
	<u>\$ 1,379,750.00</u>	<u>93,000.00</u>	<u>99,750.00</u>	<u>1,373,000.00</u>

At December 31, 2021 the City had outstanding the following special emergency and bond anticipation notes:

	Amount	Issue Date	Maturity Date	Interest Rate
Current Operating Fund:				
Special Emergency	50,000.00	12/7/2021	12/6/2022	1.25%
General Capital:				
Oppenheimer and Co.	724,250.00	3/31/2021	3/30/2022	1.00%
Water & Sewer Capital:				
Oppenheimer and Co.	<u>547,750.00</u>	3/31/2021	3/30/2022	1.00%
Total Special Emergency And Bond Anticipation Notes	<u>1,322,000.00</u>			

Upon maturity of the general and utility capital notes, the City borrowed \$1,301,000 in a new bond anticipation note, after a \$61,000 paydown. This note also includes an additional \$90,000 to fund projects authorized through Ordinance 9-2021. The note, which is held by Pennsville National Bank, will mature on March 28, 2023, and bears interest at 1.10% per annum.

Note 7: LEASE OBLIGATIONS

During the year ended December 31, 2021, the City had lease agreements in effect for the following:

Operating Lease:

Effective 7/19/2021, the City has entered into an agreement for the lease of a mail system. The term of the lease is 60 months, and the City has the option to purchase the equipment at fair market value upon expiration. Payments of \$279.00 are due monthly.

Future minimum payments under this lease are as follows:

Year	Amount
2022	\$ 3,448.00
2023	3,448.00
2024	3,448.00
2025	3,448.00
2026	<u>1,953.00</u>
Total	<u>\$ 15,745.00</u>

Capital Leases:

Effective March 25, 2019, the City entered into an agreement for the lease of two (2) Toshiba copy machines. The term of the lease is 48 months and the City has the option to purchase the equipment for \$1.00 upon expiration. Payments of \$240.00 are due monthly.

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

The following is a schedule of the future minimum lease payments under these capital leases.

<u>Year</u>	<u>Amount</u>
2022	2,880.00
2023	2,880.00
2024	<u>960.00</u>
Total Minimum Lease Payments	6,720.00
Less: Amount Representing Interest	-
Present Value of Net Minimum Lease Payments	<u>\$ 6,720.00</u>

Rental expenses charged to operations in 2021 and 2020 were \$5,451.00 and \$17,581.58, respectively.

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2021 and 2020 which are anticipated to be appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2022 and 2021 were as follows:

	<u>Year</u>	<u>Balance December 31st</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percent Utilized</u>
Current Fund	2021	\$ 993,531.73	215,000.00	21.64%
	2020	470,517.63	215,000.00	45.69%
	2019	239,700.88	215,000.00	89.70%
	2018	235,311.76	207,000.00	87.97%
	2017	246,975.44	235,000.00	95.15%
Water & Sewer Utility Fund	2021	153,206.77	132,697.04	86.61%
	2020	110,254.97	100,000.00	90.70%
	2019	104,308.95	-	0.00%
	2018	39,345.73	39,000.00	99.12%
	2017	585.56	-	0.00%

Municipalities are permitted to appropriate the full amount of fund balance, net of any amounts due from the State of New Jersey for Senior Citizens and Veterans deductions, deferred charges, and cash deficit. The total amount of fund balance available to the City to appropriate in the 2022 budget is \$943,531.73 for the current fund and \$153,206.77 for the utility fund.

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

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, 2021, the following deferred charges are shown on the balance sheets of the various funds:

	Balance 12/31/2021	2022 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency			
NJSA 40A:4-55	\$ 50,000.00	10,000.00	40,000.00
Total Current Fund	\$ 50,000.00	10,000.00	40,000.00

The appropriations in the 2021 Budget are not less than that required by statute.

Note 10: SCHOOL TAXES

Local District School Taxes in the amounts of \$3,236,755.00 and \$3,262,914.00 have been raised for the 2021 and 2020 calendar years and remitted to the local school district. Regional High School Tax in the amounts of \$1,433,762.00 and \$1,499,348.00 have been raised for the 2021 and 2020 calendar years and remitted to the regional high school district. The regional high school tax levy is determined by taking 50% of the prior year and 50% of the current year requirements, plus the actual amount needed for debt service, if any. New Jersey Statutes permit a deferral of up to 50% of the current tax levy for those districts that levy on fiscal year.

		Regional High School Tax	
		Balance 12/31/2021	Balance 12/31/2020
Balance of Tax	\$	497,491.37	524,512.47
Deferred		485,108.00	485,108.00
Tax Payable	\$	12,383.37	39,404.47

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:

	Balance 12/31/2021	Balance 12/31/2020
Prepaid Taxes	\$ 160,163.76	121,131.54
Cash Liability for Taxes Collected in Advance	160,163.76	121,131.54

Note 12: PENSION FUNDS

Description of Plans

Substantially all of the City'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

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

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.

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.

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.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provided for employee contributions of 7.50% of employee's annual compensation, as defined. Employers are required to contribute to an actuarially determined rate in PERS. The current PERS rate is 18.54% of covered payroll. The City's contributions to PERS for the years ended December 31, 2021, 2020, and 2019 were \$126,413.00, \$120,186.00, and \$122,992.19.

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 34.53% of covered payroll. The City's contributions to PFRS for the years ended December 31, 2021, 2020, and 2019 were \$340,567.00, \$303,306.00, and \$322,249.22.

The total payroll for the year ended December 31, 2021, 2020, and 2019 was \$2,399,271.61, \$2,337,344.37, and \$2,387,265.94. Payroll covered by PERS was \$681,881.00, \$721,904.00, and \$761,451.00. Covered payroll by PFRS was \$986,383.00, \$950,470.00, and \$1,009,511.00.

Significant Legislation

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

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

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

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

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

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

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

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

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

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, 2021:

Public Employees' Retirement System

The Municipality has a liability of \$1,786,009 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.01095215030%, which would be a decrease of 6.11% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$(25,030). At December 31, 2020, 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	\$ 32,520	\$ (6,316)
Changes of assumptions	57,940	(747,819)
Changes in proportion	47,215	(180,174)
Net difference between projected and actual earnings on pension plan investments	61,047	
Total	\$ 198,722	\$ (934,309)

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

Year ended June 30,	
2021	\$ (273,558)
2022	(249,402)
2023	(142,527)
2024	(57,635)
2025	(12,465)
Total	\$ (735,587)

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

Actuarial Assumptions

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

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 2,127,132	\$ 1,786,009	\$ 1,496,929

Pension plan fiduciary net position.

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

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

Police and Firemen’s Retirement System

The Municipality has a liability of \$3,768,088 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. The Municipality’s proportion of the net pension liability was based on a projection of the Municipality’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality’s proportion would be 0.02916178840%, which would be an increase of 2.09% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$91,674. At December 31, 2020, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected & actual experience	\$ 37,989	\$ (13,523)
Changes of assumptions	9,482	(1,010,202)
Changes in proportion	211,395	(594,398)
Net difference between projected and actual earnings on pension plan investments	220,941	
 Total	 <u>\$ 479,807</u>	 <u>\$ (1,618,123)</u>

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

<u>Year ended June 30,</u>		
2021	\$	(531,213)
2022		(358,504)
2023		(145,950)
2024		(55,135)
2025		(47,515)
 Total	 <u>\$</u>	 <u>(1,138,316)</u>

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

Actuarial Assumptions

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

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

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

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based 78% of the actuarially determine contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 4,870,072	\$ 3,768,088	\$ 2,852,831

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

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

year ending June 30, 2020 State special funding situation pension expense of \$227,263,993.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.02916178840% for 2020. The net pension liability amount allocated to the Municipality was \$584,790. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$66,274 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: 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 with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. For additional information about the Plan, please refer to the State of New Jersey (the State), Division of Pensions and Benefits' (the Division) Comprehensive Annual Financial Report (CAFR), which can be found at:

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

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

1) retired on a disability pension;

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

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

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

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

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

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 and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2020 were \$5,512,481,278 and \$12,598,993,950, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

Under Chapter 330, P.L. 1997, the State shall pay the premium or periodic charges for the qualified local police and firefighter retirees and dependents equal to 80 percent of the premium or periodic charge for the category of coverage elected by the qualified retiree under the State managed care plan or a health maintenance organization participating in the program providing the lowest premium or periodic charge. The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan, there is no net OPEB liability, deferred outflows of resources or deferred inflows of resources to report in the financial statements of the local participating employers related to this legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the collective net OPEB liability that is associated with the local participating employer.

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

Net OPEB Liability:

Components of Net OPEB Liability

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

	June 30, 2020	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,111,485,228	\$ 3,128,757
Plan Fiduciary Net Position	164,862,282	28,480
Net OPEB Liability	\$ 17,946,622,946	\$ 3,100,277
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	0.91%

At June 30, 2020 the City's proportionate share of the Collective Net OPEB Liability was \$3,100,277. The State's proportionate share for the Special Funding Situation that is associated with the City is \$3,822,301. The City's proportion of the Collective Net OPEB Liability was 0.017275% which was a decrease from the prior year of 8.00%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.069976% which was an increase from the prior year of 15.90%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 3,100,277
State's proportionate share that is associated with the City	3,822,301
Total	\$ 6,922,578

For the Year ended June 30, 2020 the City's Total OPEB Expense was \$(141,081) and the State of New Jersey realized Total OPEB Expense in the amount of \$190,275 for its proportionate share of Total OPEB Expense that is associated with the City.

The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

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

Mortality:

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

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

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Collective			
Net OPEB Liability	\$ 21,216,688,254	\$ 17,946,612,946	\$ 15,358,051,000
Proportionate Share			
Net OPEB Liability	\$ 3,665,182	\$ 3,100,277	\$ 2,653,103

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

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

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

	1% Decrease		Healthcare Cost Trend Rate		1% Increase
Collective					
Net OPEB Liability	\$ 14,850,840,718	\$	17,946,612,946	\$	22,000,569,109
Proportionate Share					
Net OPEB Liability	\$ 2,565,482	\$	3,100,277	\$	3,800,598

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

At June 30, 2020, 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	\$ 472,699,992	\$ (3,341,994,109)	\$ 1,969	\$ (577,329)
Changes of assumptions	2,684,248,513	(3,991,049,511)	463,704	(689,454)
Net difference between projected and actual earnings on OPEB plan investments	11,397,084		81,659	
Changes in proportion and differences between contributions and proportionate share of contributions			41,099	(1,017,313)
Total	\$ 3,168,345,589	\$ (7,333,043,620)	\$ 588,431	\$ (2,284,096)

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

Year ended June 30,	Collective Totals	Proportionate Share
2021	\$ (964,720,007)	\$ (392,788)
2022	(965,594,678)	(393,144)
2023	(967,008,484)	(393,719)
2024	(968,300,349)	(394,245)
2025	(660,258,014)	(268,825)
Thereafter	361,183,501	147,057
Total	\$ (4,164,698,031)	\$ (1,695,665)

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

Collective OPEB Expenses reported by the State of New Jersey

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

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

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

Schedule of City's Share of Net OPEB Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportionate Share of Net OPEB Liability	0.017275%	0.018778%	0.022209%
City's Share of Net OPEB Liability	\$ 3,100,277	2,543,681	3,479,399
City's Covered Payroll	721,904	761,451	828,749
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	429.46%	334.06%	419.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.97%	1.97%	1.98%

Note 15: DEFERRED COMPENSATION

Employees of Egg Harbor 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 City. 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.

The deferred compensation plan 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 employees.

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

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

Note 16: ACCRUED SICK AND VACATION BENEFITS

The City 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. It is estimated that the cost for the most current calendar year of such unpaid compensation would approximate \$326,628.81 in 2021 and \$382,628.60 in 2020. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. Employees covered by the PBA contract will be paid for unused vacation days and up to 45 days of accumulated sick time upon retirement. Employees covered under the Teamsters, as well as non-union employees, will be paid for the number of vacation days accumulated from the current year plus any days remaining from the prior year, along with a maximum of 45 sick days. 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. As of December 31, 2021, and 2020, the total amount accumulated was \$30,564.72 and \$4,468.92, respectively.

Note 17: ECONOMIC DEPENDENCY

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

Note 18: RISK MANAGEMENT

The City 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 City maintains commercial insurance coverage for property, liability and surety bonds. During the years ended December 31, 2021 and 2020 the City did not incur claims in excess of the coverage and the amount of coverage did not significantly decrease.

The City is a member of the Statewide Joint Insurance Fund which also includes other municipalities throughout the State. The City is obligated to remit insurance premiums into this fund for sufficient insurance coverage. There is an unknown contingent liability with the Statewide Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a coverage limitation of \$10,000,000. There was no reduction in coverage and no claims in excess of coverage during 2021 or 2020. The Statewide Insurance Fund issues its own financial report which may be obtained from the Statewide Insurance Fund, 30A Vreeland Road, Florham Park, NJ 07932-0678.

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

Calendar Year		City Contributions	Interest	Employee Contributions	Amount Reimbursed	Ending Balance
2021	\$	8,500.00	54.21	4,743.12	17,054.89	44,973.90
2020		18,500.00	14.45	32,810.45	4,506.59	48,731.46
2019		8,500.00	4.39	4,285.31	11,711.25	1,913.15

Note 19: TAX ABATEMENT PROGRAM

The tax abatement program was established to encourage commercial and industrial development in Egg Harbor City. It is a five-year program where real estate taxes on the approved buildings are abated and payments are made in lieu. The value of the building improvements must exceed \$100,000 for commercial,

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

and the properties are tax exempt until the project is complete. Once completed, the taxpayer pays no tax in the first year after completion. Beginning in the second year, the taxpayer is assessed taxes on 20% of the assessed value, with annual increases of 20% until the end of five years.

The tax exemption program was established to encourage residential property improvements in Egg Harbor City. This exemption is permitted on properties that are more than twenty (20) years old as well as new dwellings. This is also a five-year program. The Assessor's full and true value of the home improvements must not exceed \$15,000 and will not increase the value of the property for five years.

Note 20: LITIGATION

The City is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the City, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

Note 21: UNION CONTRACTS

City employees are organized into two collective bargaining units; the Policeman's Benevolent Association, Inc. (PBA) and Teamster's Local #331. The current five year contract for the PBA is effective for the period of January 1, 2017 through December 31, 2021. A Memorandum of Understanding has been approved for contract term of 1/1/2022 through 12/31/2027. The current four year contract for the Teamsters is effective for the period of January 1, 2021 through December 31, 2023.

<u>Bargaining Unit</u>	<u>Job Category</u>	<u>Members</u>
PBA Mainland Local No. 77	Police	Full time police personnel with arrest powers, with the exception of the Chief of Police and Police Clerk
Teamsters Local #331	General	All full time and regular part-time blue collar employees and white collar employees; Excludes all managerial executives, confidential employees, police employees, supervisors, professional employees, craft employees and all other employees of the City

Note 22: RELATED PARTY TRANSACTIONS

The seven members of the Egg Harbor City Cemetery Board of Trustees are appointed by the Common Council of Egg Harbor City. During the 2021 and 2020 calendar years, the City paid \$41,936.05 and \$41,582.48, respectively for salaries and related benefits for Cemetery employees. In addition, the City charged the Cemetery \$15,000.00 for maintenance services performed at the Cemetery during 2021 and 2020. The Cemetery has reimbursed the City for all expenses.

Note 23: LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

The City is the owner of a non-operating landfill. The State of New Jersey Department of Environmental Protection is the organization that monitors all activity related to landfills. Prior to closing the landfill certain fees were placed into an escrow which has a balance of \$8,428.06 and \$8,417.78 on December 31, 2021 and 2020. 100% of the landfill capacity has been used and, therefore the landfill has no remaining useful life. The recognition of liability for closure and post closure costs is generally based on the landfill capacity used to date. However, the cost to close the landfill and to cover future post closure costs has not been determined.

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

The City anticipates meeting the post closure requirements on a pay as you go basis. The \$8,428.06 certificate of deposit is restricted for post closure use.

Note 24: INTERFUND BALANCE

As of December 31, 2021, the following interfunds were included on the balance sheets of the various funds of Egg Harbor City:

	Due From	Due To
Current Fund:		
Grant Fund		256,041.76
Grant Fund:		
Current Fund	256,041.76	
Trust Fund		69,990.87
Trust Fund:		
Grant Fund	69,990.87	
	\$326,032.63	326,032.63

The amount due to the Grant Fund from the Current Fund is the result of funds received on the various grants that have not yet been expended. The amounts due to the trust funds is the result of prior housing rehabilitation loans that were repaid and construction fees collected in the current fund that are due to the third party inspectors.

Note 25: SUBSEQUENT EVENTS

Sale of Water and Sewer Utility

In March 2021, the City entered into an agreement with New Jersey American Water (NJAW) for the sale of the City owned water and wastewater assets for approximately \$21.8 million. Under the agreement, NJAW will invest approximately \$14 million to make needed upgrades to the City's water and wastewater systems, as well as provide funds to help the City pay off existing debt. The sale is being done in accordance with the State's Water Infrastructure Protection Act (WIPA) process, which facilitates the sale or lease of municipally owned water or wastewater systems that meet certain criteria. The New Jersey Department of Environmental Protection certified the City's request to pursue the sale through the WIPA path in April 2019. It is anticipated that the acquisition will be finalized in the second half of 2022.

Other:

The City has evaluated subsequent events through July 6, 2022, the date which the financial statements were available to be issued and no additional items, except as noted above, were noted for disclosure or adjustment.

SUPPLEMENTARY DATA

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FORD - SCOTT

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

To the Honorable Mayor and
Members of Common Council
Egg Harbor City
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of Egg Harbor City, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 6, 2022, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, Egg Harbor City prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

July 6, 2022

Schedule of Financial Statement Findings

NONE

Schedule of Federal and State Award Findings and Questioned Costs

NONE

STATUS OF PRIOR YEAR RECOMMENDATIONS

There were no findings in 2020.

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2020	\$	1,425,484.14
Increased by Receipts:		
Tax Collector		10,535,841.90
Revenue Accounts Receivable		1,191,190.89
Miscellaneous Revenue		50,887.12
Lake Security Deposits		150.00
Appropriation Refunds		213,643.64
Petty Cash		200.00
Special Emergency Note		50,000.00
State of New Jersey		
Senior Citizens and Veterans		29,875.00
Homestead Benefit		111,627.70
Marriage License Fees		600.00
DCA Training Fees		5,078.00
Amounts Due From		
General Capital		935,697.68
Utility Operating		6,173.68
Utility Capital		555,000.00
Animal Control Fund		797.00
Unemployment Trust Fund		17,054.89
Other Trusts		94,272.53
Cemetery Fund		305.25
Grant Fund		
Current year Grants Receivable		335,627.13
Unappropriated Reserves		16,058.49
		<u>14,150,080.90</u>
		15,575,565.04

**CURRENT FUND
 SCHEDULE OF CASH - TREASURER**

	<u>Current Fund</u>
Decreased by Disbursements:	
Current Year Appropriation	5,612,564.80
Appropriations Reserves	144,564.73
Accounts Payable	10,320.00
County Taxes	1,140,057.19
Local District School Tax	3,236,755.00
Regional High School Tax	1,460,783.10
Refund Overpayments	10,873.07
Payroll Taxes Payable	2,904.50
Special Emergency Note	40,000.00
Lake Security Deposits	150.00
Reserve for Master Plan	6,120.00
Petty Cash	200.00
State of New Jersey	
Marriage License Fees	675.00
DCA Training Fees	3,054.00
Amounts Due To	
Animal Control Trust	797.00
Grant Fund	303,084.71
Other Trust Funds	94,272.53
Unemployment Trust	17,054.89
General Capital	935,697.68
Utility Operating	6,173.68
Utility Capital	555,000.00
Cemetery Fund	305.25
	<u>13,581,407.13</u>
Balance December 31, 2021	\$ <u><u>1,994,157.91</u></u>

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

Balance December 31, 2020		\$	-
Increased by Receipts:			
Prepaid Taxes	160,163.76		
Taxes Receivable	10,007,118.19		
Revenue Accounts Receivable	213,386.90		
Tax Title and Other Liens	152,332.32		
Miscellaneous Revenue Not Anticipated	<u>2,840.73</u>		
			<u>10,535,841.90</u>
			10,535,841.90
Payments to Treasurer			<u>10,535,841.90</u>
Balance December 31, 2021		\$	<u><u>-</u></u>

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

Balance December 31, 2020		\$ 890,314.48
Increased by:		
Transfers from Taxes Receivable	126,857.96	
Interest and Costs Accrued by Sale of December 15, 2021	<u>3,434.50</u>	
		<u>130,292.46</u>
		1,020,606.94
Decreased by:		
Collections	152,332.32	
Collector Adjustments	<u>8,922.92</u>	
		<u>161,255.24</u>
Balance December 31, 2021		\$ <u><u>859,351.70</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2020	Accrued in 2021	Collected by		Balance Dec. 31, 2021
			Collector	Treasurer	
Tax Collector:					
Interest and Costs on Taxes	\$	111,673.90	111,673.90		
Lake Parking Fees		101,713.00	101,713.00		
Treasurer:					
Licenses:					
Alcoholic Beverage		38,638.60		38,638.60	
Other		40,107.00		40,107.00	
Construction Code Fees		90,963.00		90,963.00	
Interest Earned on Investments		2,885.22		2,885.22	
Energy Receipts Tax		473,461.00		473,461.00	
Coronavirus Local Fiscal Recovery Fund		171,000.00		171,000.00	
Rental Registration Fees		56,200.00		56,200.00	
Campground Royalty		10,156.20		10,156.20	
Rental of Municipal Property		32,107.64		32,107.64	
Payment in Lieu of Taxes		46,560.51		46,560.51	
Uniform Fire Safety Act		18,302.56		18,302.56	
Cemetery Contribution		15,000.00		15,000.00	
Vacant Property Registrations		15,300.00		15,300.00	
Conifer Pilot		61,499.16		61,499.16	
Sale of Property		119,010.00		119,010.00	
	\$	1,404,577.79	213,386.90	1,191,190.89	-

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

	Balance	Balance	Paid or Charged		Balance Lapsed	Over-Expended
	Dec. 31, 2020	After Transfers	Cash	Accounts Payable		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive Salaries and Wages	1,350.00	1,350.00	-	-	1,350.00	
Governing Body Municipal Clerk (Other)	151.84	151.84	-	-	151.84	
Other Expenses						
City Clerk						
Governing Body Salaries and Wages	2,158.28	2,158.28	1,131.48	-	1,026.80	
Other Expenses	1,406.14	1,406.14	257.30	-	1,148.84	
Assessment of Taxes						
Salaries and Wages	5.83	5.83	-	-	5.83	
Other Expenses	2,914.36	2,914.36	967.85	-	1,946.51	
Salaries and Wages	0.84	0.84	-	-	0.84	
Other Expenses	801.89	801.89	-	-	801.89	
Tax Collector						
Salaries and Wages	757.08	757.08	-	-	757.08	
Other Expenses:						
Tax Sale Costs						
Miscellaneous Other Expenses	5,350.00	5,350.00	5,350.00	-	-	
Liquidation of Tax Title Liens and Foreclosed Property	3,903.35	3,903.35	3,328.66	-	574.69	
Other Expenses						
Legal Services and Costs	100.00	100.00	-	-	100.00	
Other Expenses	16,729.32	7,229.32	6,449.40	-	779.92	
Municipal Prosecutor						
Salaries and Wages	100.00	100.00	-	-	100.00	
Engineering Services and Costs						
Other Expenses	12,474.25	12,474.25	3,366.00	-	9,108.25	
Public Buildings and Grounds						
Other Expenses	10,024.44	15,024.44	-	4,463.00	10,561.44	
Municipal Land Use Law (NJSA 40:55D-1)						
Combined Planning & Zoning/Code Board						
Salaries and Wages	7.26	7.26	-	-	7.26	
Other Expenses	2,850.13	2,850.13	1,242.61	-	1,607.52	
Economic Development						
Other Expenses	100.00	100.00	-	-	100.00	

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

	Balance	Balance	Paid or Charged		Balance Lapsed	Over-Expended
	Dec. 31, 2020	After Transfers	Cash	Accounts Payable		
PUBLIC SAFETY						
Fire						
Other Expenses						
Aid to Volunteer Companies	15,000.00	15,750.00	15,750.00	-	-	-
Fire Prevention						
Other Expenses	1,276.90	1,276.90	37.79	-	1,239.11	
Right to Know Act/Safety Coordinator						
Salaries and Wages	62.50	62.50	62.50	-	-	
Other Expenses:	250.00	250.00	-	-	250.00	
Police						
Salaries and Wages	39,540.94	39,540.94	-	-	39,540.94	
Other Expenses:						
Miscellaneous Other Expenses	39,559.33	39,559.33	11,228.37	-	28,330.96	
Police Radio and Communications	2,269.05	2,269.05	-	-	2,269.05	
Municipal Court						
Salaries and Wages	138.29	138.29	-	-	138.29	
Other Expenses	24,029.67	27,029.67	27,000.00	-	29.67	
Emergency Management Services						
Salaries and Wages						
Other Expenses	10,900.00	10,150.00	652.64	-	9,497.36	
PUBLIC WORKS						
Solid Waste Collection (Public Works)						
Salaries and Wages	7,710.45	210.45	-	-	210.45	
Other Expenses:						
Hauling Fee (Tipping and Hauling Fee)	2,459.10	2,459.10			2,459.10	
Miscellaneous Other Expenses	11,034.44	23,034.44	16,109.04	-	6,925.40	
Vehicle Maintenance	11,564.87	11,564.87	10,500.71	-	1,064.16	
Solid Waste Disposal Cost	11,169.32	11,169.32	1,299.77	-	9,869.55	
City Garage						
Salaries and Wages	100.00	100.00	-	-	100.00	
Other Expenses	90.00	90.00	-	-	90.00	
HEALTH AND WELFARE						
Animal Control (Dog Regulation)						
Other Expenses	340.00	840.00	760.00	-	80.00	

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
RECREATION AND EDUCATION						
Parks and Playgrounds	13,849.77	13,849.77	-	-	13,849.77	
Salaries and Wages						
Other Expenses:						
Lining of Kern Field	25.00	25.00	-	-	25.00	
Miscellaneous Other Expenses	7,795.59	7,795.59	7,500.00	-	295.59	
Anniversary or Holiday						
Other Expenses	649.23	649.23	-	-	649.23	
Youth Program						
Other Expenses						
Key Rec Youth Group	680.00	680.00	680.00	-	-	
INSURANCE						
Group Insurance Plans for Employees	33,158.85	33,158.85	1,994.77	-	31,164.08	
Firemen's Group Insurance Premiums	3,348.48	3,348.48	-	-	3,348.48	
Surety Bond Premiums	250.00	250.00	-	-	250.00	
UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	406.42	406.42	-	-	406.42	
Other Expenses	440.80	440.80	36.74	-	404.06	
UNCLASSIFIED						
Street Lighting	12,508.03	13,008.03	12,952.56	-	55.47	
Gasoline	8,109.11	8,109.11	1,354.53	-	6,754.58	
Electric	11,032.90	11,032.90	9,361.30	-	1,671.60	
Natural Gas	8,886.69	7,886.69	2,701.83	-	5,184.86	
Telephone	2,147.83	2,647.83	2,488.88	-	158.95	
Contingent	100.00	100.00	-	-	100.00	
Statutory Expenditures						
Contribution to:						
Social Security	382.71	382.71	-	-	382.71	
Total	\$ 345,951.28	345,951.28	144,564.73	4,463.00	196,923.55	-

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

Balance December 31, 2020	\$	(1.00)
Increased by:		
Levy - Calendar Year 2021		<u>3,236,755.00</u>
		3,236,754.00
Decreased by:		
Payments		<u>3,236,754.00</u>
Balance December 31, 2021	\$	<u><u>-</u></u>

**CURRENT FUND
SCHEDULE OF REGIONAL HIGH SCHOOL TAX**

Balance December 31, 2020			
School Tax Payable	\$	39,404.47	
School Tax Deferred		<u>485,108.00</u>	
			524,512.47
Increased by:			
Levy - School Year July 1, 2021 to June 30, 2022			<u>1,433,762.00</u>
			1,958,274.47
Decreased by:			
Payments			<u>1,460,783.10</u>
Balance December 31, 2021			
School Tax Payable		12,383.37	
School Tax Deferred		<u>485,108.00</u>	
			<u>497,491.37</u>
2021 Liability for Regional High School Tax			
Tax Paid			1,460,783.10
Tax Payable @ December 31, 2021			<u>12,383.37</u>
			1,473,166.47
Less: Tax Payable @ December 31, 2020			<u>39,404.47</u>
Amount Charged to 2021 Operations	\$		<u><u>1,433,762.00</u></u>

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

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred From 2021 Revenues	Received	Adjustments/ (Canceled)	Balance Dec. 31, 2021
FEDERAL GRANTS:					
Transportation Alternatives					
Cedar Creek/Egg Harbor Lake Pedestrian Connection Project	\$ 723,000.00				723,000.00
Design Assistance - Bikeway	113,035.28		35,818.19	(77,217.09)	-
Design Assistance - Bikeway Mod #1		255,221.43	26,448.81		228,772.62
Bulletproof Vest		1,060.33	1,060.33		-
Neighborhood Preservation Program - NPP COVID-19 Relief and Recovery Program		105,000.00	105,000.00		-
US Department of the Treasury Coronavirus State and Local Fiscal Recovery Funds		25,000.00	25,000.00		-
Total Federal	836,035.28	386,281.76	193,327.33	(77,217.09)	951,772.62
STATE GRANTS:					
NJ Transportation Trust Fund Authority Reconstruction of-					
Chicago Avenue-100/200 Blocks		285,000.00			285,000.00
Various Locations	290,000.00				290,000.00
Clean Communities		14,440.90	14,440.90		-
Recycling Tonnage Grant		5,637.21	5,637.21		-
Body Armor		1,236.59	1,236.59		-
Drunk Driving Enforcement Fund		7,440.00	7,440.00		-
Sustainable Jersey Small Grants Program					
Resiliency Grant	5,000.00		2,500.00		7,500.00
Neighborhood Preservation Program - Year 1	100,000.00		98,642.05		1,357.95
Neighborhood Preservation Program - Year 2		125,000.00	112,500.00		12,500.00
Total State	395,000.00	443,754.70	242,396.75	-	596,357.95

See Accompanying Auditor's Report

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

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred From 2021 Revenues	Received	Adjustments	Balance Dec. 31, 2021
Local Grants:					
Municipal Alliance-Drug Abuse Resistance Education	6,857.37			(6,857.37)	-
Fiscal Year 2019/2020	7,491.00		1,813.38		5,677.62
Fiscal Year 2020/2021		5,539.64			5,539.64
Fiscal Year 2021/2022	-	4,150.00	4,150.00		-
Statewide Joint Insurance Fund Incentive Grant					
Total State	<u>14,348.37</u>	<u>9,689.64</u>	<u>5,963.38</u>	<u>(6,857.37)</u>	<u>11,217.26</u>
	<u>\$ 1,245,383.65</u>	<u>839,726.10</u>	<u>441,687.46</u>	<u>(84,074.46)</u>	<u>1,559,347.83</u>
		Cash	335,627.13		
		Unappropriated Reserves	106,060.33		
		Cancel by Resolution	<u>441,687.46</u>	<u>(84,074.46)</u>	
				<u>(84,074.46)</u>	

See Accompanying Auditor's Report

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

	Balance December 31, 2020		2021	Disbursed	Reverse Prior Year Encumbrances	Encumbrances	Refunds/ (Canceled)	Balance Dec. 31, 2021
	Appropriated	Reserve for Encumbrances						
FEDERAL GRANTS:								
US Department of Justice								
Bulleitproof Vest Program	46.41		1,060.33	195.00				911.74
Transportation Alternatives Program								
Cedar Creek/Egg Harbor Lake Pedestrian Connection Project	723,000.00							
Design Assistance - Bikeway	(0.00)	80,459.02		3,241.83			(77,217.19)	723,000.00
Design Assistance - Bikeway (Mod #1)			255,221.43	44,351.03		210,870.40		
Department of Community Affairs								
Neighborhood Preservation Program - NPP COVID-19 Relief and Recovery Program			105,000.00	105,000.00				
US Department of the Treasury								
Coronavirus State and Local Fiscal Recovery Funds			25,000.00	4,422.66				20,577.34
Total Federal	<u>723,046.41</u>	<u>80,459.02</u>	<u>386,281.76</u>	<u>157,210.52</u>	<u>-</u>	<u>210,870.40</u>	<u>(77,217.19)</u>	<u>744,489.08</u>
STATE GRANTS:								
Department of Transportation								
Reconstruction of Chicago Avenue-100/I200 Blocks	0.00		285,000.00					285,000.00
Various Locations	290,000.00					257,700.00		32,300.00
Body Armor Fund	480.86		1,236.59	975.00				742.45
Drunk Driving Enforcement Fund	7,497.10	815.50	7,440.00	35.50				15,717.10
Clean Communities Program	15,220.89	2,280.00	14,440.90	19,454.78		161.00		12,326.01
Recycling Tonnage Grant	12,363.49	2,951.68	5,637.21	3,888.68				17,063.70
Sustainable Jersey Small Grants Program-Resiliency Grant	10,000.00		5,000.00			10,000.00		5,000.00
Neighborhood Preservation Program - Year 1	69,370.51	7,152.93	125,000.00	76,016.42		3,098.05		507.02
Neighborhood Preservation Program - Year 2				18,126.93				103,775.02
Total State	<u>404,932.85</u>	<u>13,200.11</u>	<u>443,754.70</u>	<u>118,497.31</u>	<u>-</u>	<u>270,959.05</u>	<u>-</u>	<u>472,431.30</u>

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

<u>Purpose</u>	Balance Dec. 31, 2020	Transferred To 2021 Appropriations	Received	(Canceled) Adjustment	Balance Dec. 31, 2021
STATE GRANTS:					
Neighborhood Preservation Program	\$				-
NPP COVID-19 Relief and Recovery	105,000.00	105,000.00			
US Department of the Treasury			16,058.49		16,058.49
Coronavirus State and Local Fiscal Recovery Funds	1,060.33	1,060.33			-
Bulletproof Vest					
Total State	<u>106,060.33</u>	<u>106,060.33</u>	<u>16,058.49</u>	<u>-</u>	<u>16,058.49</u>
	\$	106,060.33	16,058.49	-	16,058.49

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2020	\$ 99.60	269,141.28
Increased By:		
State Dog License Fees	150.60	
Municipal License Fees	646.40	
Developers Escrow		31,539.65
Unemployment Trust		13,297.33
Construction Code Fees		3.52
Law Enforcement		-
Street Opening Escrow		20,920.00
Accumulated Absences		53,514.16
Community Events		3,250.00
Maintenance Bonds		23,690.95
Storm Recovery		10,000.00
Recreation - Developer's Fees		7,500.00
Program Loan Repayments		5,630.00
Reserve For Police MDT Trust Donations		-
Interest Earned		10.28
	<u>797.00</u>	<u>169,355.89</u>
	896.60	438,497.17
Decreased By:		
Paid to State of NJ	150.60	
Dog Fund Expenditures	485.80	
Reserve for Program Loans		
Unemployment Trust		17,054.89
Developers Escrow		56,362.69
Street Opening Escrow		22,135.00
Accumulated Absences		27,418.36
Maintenance Bonds		1,560.46
Community Events		2,722.22
	<u>636.40</u>	<u>151,372.13</u>
Balance December 31, 2021	\$ <u><u>260.20</u></u>	<u><u>287,125.04</u></u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

Analysis of December 31, 2021 Balance	Dog Licenses	Other
Unemployment Trust Fund	\$	44,973.90
POAA Trust		197.29
Law Enforcement Trust Fund		12,551.89
Sanitary Landfill Escrow		8,428.06
Developer's Escrow		28,475.48
Maintenance Bonds		
Samir Ibrahim		7,587.24
JC Custom Builders, LLC		23,685.70
Program Loans		88,672.23
Police MDT		230.00
Community Events		929.42
Recreation Trust Fund		32,197.00
Accumulated Absences		30,564.72
Snow Removal		874.63
Street Opening Escrows		4,865.00
Fire Prevention Penalty		2,892.48
	\$	287,125.04

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2020	\$	455,859.39
Increased by Receipts:		
Deposits for Redemption of Tax Sale Certificates	1,044,134.38	
Premiums Received at Tax Sale	<u>708,300.00</u>	<u>1,752,434.38</u>
		2,208,293.77
Decreased by Disbursements:		
Tax Sale Redemptions	1,075,424.95	
Premiums Returned	<u>379,600.00</u>	<u>1,455,024.95</u>
Balance December 31, 2021	\$	<u><u>753,268.82</u></u>

ANALYSIS OF BALANCE - DECEMBER 31, 2021

Tax Title Lien Redemption		5,468.82
Tax Sale Premium		<u>747,800.00</u>
	\$	<u><u>753,268.82</u></u>

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

Balance December 31, 2020	\$		99.60
Increased by:			
Dog License Fees Collected		496.40	
Cat License Fees Collected		150.00	
Late Fees		-	
		646.40	646.40
			746.00
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:			
Cash		485.80	
		485.80	485.80
Balance December 31, 2021	\$		260.20

License Fees Collected

<u>Year</u>	<u>Amount</u>
2020	538.80
2019	893.60
	1,432.40
	1,432.40

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Reserve	Increased by		Decreased by		Balance Dec. 31, 2021
	Balance Dec. 31, 2020	Receipts	Budget Appropriation	Disbursements	
Unemployment	\$ 48,731.46	4,797.33	8,500.00	17,054.89	44,973.90
Fire Prevention Penalty	2,888.96	3.52			2,892.48
Sanitary Landfill Closure	8,417.78	10.28			8,428.06
Developer's Escrow	53,298.52	31,539.65		56,362.69	28,475.48
Law Enforcement Trust	12,551.89				12,551.89
Recreation Developers	37,045.51		7,500.00	12,348.51	32,197.00
Parking Offense Adjudication Fund	197.29				197.29
Street Opening Escrows	6,080.00	20,920.00		22,135.00	4,865.00
Accumulated Absences	4,468.92	14.16	53,500.00	27,418.36	30,564.72
Maintenance Bonds	9,142.45	23,690.95		1,560.46	31,272.94
Community Events	401.64	3,250.00		2,722.22	929.42
Storm Recovery Reserve	2,644.63		10,000.00	11,770.00	874.63
Police MDT	230.00				230.00
Tax Title Lien Redemptions	36,759.39	1,044,134.38		1,075,424.95	5,468.82
Tax Sale Premiums	419,100.00	708,300.00		379,600.00	747,800.00
	<u>\$ 641,958.44</u>	<u>1,836,660.27</u>	<u>79,500.00</u>	<u>1,606,397.08</u>	<u>951,721.63</u>
					<u>-</u>

See Accompanying Auditor's Report

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

Balance December 31, 2020		\$ 107,955.80
Increased by:		
Capital Improvement Fund	25,000.00	
State of New Jersey-Federal and State Grants	153,720.00	
Premium on Bond Anticipation Notes	3,977.68	
	290,653.48	182,697.68
Decreased by:		
Improvement Authorizations	210,415.44	
	210,415.44	210,415.44
Balance December 31, 2021		\$ <u><u>80,238.04</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance
	Dec. 31, 2020	Dec. 31, 2021	Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 5,011.79		3,977.68						8,989.47
Capital Improvement Fund	25,001.60		25,000.00				40,000.00		10,001.60
Encumbrances Payable	353,949.68						353,949.68	288,719.20	288,719.20
Improvement Authorizations:									
#14-2012 Various General Improvements	3,942.38				719.29		1,257.57	-	1,965.52
#12-2014 Various General Improvements	1,970.43				913.60			-	1,056.83
#11-2015 Various Road Reconstructions	327.00								327.00
#16-2019 Various General Improvements	(282,247.08)		153,720.00		130,917.05		260,231.63	353,949.68	(165,726.08)
#06-2021 Construction of Pole Barn-Public Works Yard					30,000.00			30,000.00	-
#09-2021 Various General Improvements					47,865.50		27,230.00	10,000.00	(65,095.50)
	\$ 107,955.80		182,697.68	-	210,415.44	-	682,668.88	682,668.88	80,238.04

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

Balance December 31, 2020		\$	25,001.60
Increased by:			
Budget Appropriation - 2021	<u>25,000.00</u>		<u>25,000.00</u>
			50,001.60
Decreased by:			
Appropriated to Finance Improvement Authorizations	<u>40,000.00</u>		<u>40,000.00</u>
Balance December 31, 2021		\$	<u><u>10,001.60</u></u>

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

Balance December 31, 2020	\$	1,140,000.00
Decreased by:		
Budget Appropriation to Pay Bonds:		
Municipal Bonds	<u>190,000.00</u>	<u>190,000.00</u>
Balance December 31, 2021	\$	<u><u>950,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Raised in 2021 Budget	Paid through Issuance of Serial Bonds	Balance Dec. 31, 2021	Bond Anticipation Notes	Analysis of Balance	
								Expenditures	Unexpended Improvement Authorizations
8-2013	Various General Improvements	\$ 146,000.00		9,750.00		136,250.00	136,250.00		
12-2014	Various General Equipment	114,000.00		19,000.00		95,000.00	95,000.00		
11-2015	Various Road Reconstruction	425,000.00		25,000.00		400,000.00	400,000.00		
16-2019	Various General Improvements	93,000.00				93,000.00	93,000.00		
9-2021	Various General Improvements		90,000.00			90,000.00		65,085.50	24,904.50
		<u>\$ 778,000.00</u>	<u>90,000.00</u>	<u>53,750.00</u>	<u>-</u>	<u>814,250.00</u>	<u>724,250.00</u>	<u>65,085.50</u>	<u>24,904.50</u>

Improvement Authorizations Unfunded	50,244.75
Less:	
Unexpended Proceeds of Bond Anticipation Notes Issued:	
Ord. Number	
12-2014	1,056.83
11-2015	327.00
16-2019	23,956.42
	<u>24,904.50</u>

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Paid or Charged	Prior Year Encumbrances	Current Year Encumbrances	Canceled	Balance December 31, 2021		
				Balance December 31, 2020 Funded	Balance December 31, 2020 Unfunded	Other Funding	Deferred Charges to Future Taxation					Balance December 31, 2021 Funded	Balance December 31, 2021 Unfunded	
14-2012	Various General Improvements	9/13/2012	225,000.00	\$ 3,942.38			719.29		1,257.57			1,965.52		
12-2014	Various General Equipment	12/4/2014	180,000.00		1,970.43		913.60						1,056.83	
11-2015	Various Road Reconstruction	7/16/2015	500,000.00		327.00								327.00	
16-2019	Various General Improvements a. Repaving & Reconstruction of Roads b. Improvements to Atlantic Avenue c. Transit Path Extension c. Reconstruction and Repaving of Various Sections of Chicago Avenue	11/27/2019	100,000.00 250,000.00 280,000.00		50,305.42 14,958.75 24,755.00		9,699.00 19,710.00 101,508.05		16,650.00 225,900.00 17,681.63				23,956.42 4,108.75 24,755.00	
6-2021	Construction of a Pole Barn-Public Works Yard	5/27/2021	30,000.00			30,000.00								
9-2021	Various General Improvements a. Repaving and/or Reconstruction of Various City Roads and Parking Lots b. Various Improvements to the Egg Harbor City Dam	8/12/2021	80,000.00 20,000.00			8,000.00 2,000.00	72,000.00 18,000.00		19,530.00 7,700.00				13,140.00 11,764.50	
				\$ 43,656.13	52,602.65	40,000.00	90,000.00	210,415.44	(353,949.68)	288,719.20	-	30,829.27	50,244.75	
				Capital Improvement Fund State and Federal Grants		40,000.00								
						40,000.00								

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2021	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
General Obligation Bonds of 2016	4/13/2016	1,543,000	4/1/2022-2026	2.250%	1,140,000.00	-	190,000.00	950,000.00
					\$ 1,140,000.00	-	190,000.00	950,000.00
						Paid through budget Refunded	190,000.00	
							-	
							190,000.00	

**GENERAL CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased/Adjustment	Balance Dec. 31, 2021
Various Capital Improvements	8-13	1/31/2014	3/31/2021	3/30/2022	1.000% \$	112,721.48		9,750.00	102,971.48
Various Capital Improvements	8-13	12/7/2017	3/31/2021	3/30/2022	1.000%	14,161.07			14,161.07
Various Capital Improvements	8-13	4/10/2018	3/31/2021	3/30/2022	1.000%	19,117.45			19,117.45
Various Capital Improvements	12-14	1/29/2015	3/31/2021	3/30/2022	1.000%	114,000.00		19,000.00	95,000.00
Various Capital Improvements	11-15	1/27/2016	3/31/2021	3/30/2022	1.000%	425,000.00		25,000.00	400,000.00
Various Capital Improvements	16-19	4/2/2020	3/31/2021	3/30/2022	1.000%	93,000.00			93,000.00
					\$	<u>778,000.00</u>	<u>-</u>	<u>53,750.00</u>	<u>724,250.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Debt Issued	Paid Through Budget	Balance Dec. 31, 2021
09-2021	Various Capital Improvements	\$ -	90,000.00			90,000.00
		\$ -	90,000.00	-	-	90,000.00

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

		Operating		Capital
Balance December 31, 2020	\$	449,874.65		449,736.31
Increased by Receipts:				
Collector		2,302,737.15		
Miscellaneous		51,412.56		
Fire Hydrants		30,000.00		
Petty Cash		200.00		
Due from Utility Operating - Water Quality Act Capital Fee				358,416.38
Due from General Capital				7,250.00
Reimbursement from NJAW		-		
State of NJ-Route 30 Improvements		177,295.64		
		2,561,645.35		365,666.38
		3,011,520.00		815,402.69
Decreased by Disbursements:				
Appropriations - Current		1,497,959.86		
Appropriations - Prior Year		68,082.24		
Improvement Authorizations				9,856.00
Accrued Interest on Bonds		437,230.19		
Petty Cash		200.00		
Refund of Overpayments		908.59		
Due from State - Route 30 Improvements		123,483.44		
Due to Current Fund				4,241.68
Due to Utility Capital		358,416.38		
		2,486,280.70		14,097.68
Balance December 31, 2021	\$	525,239.30		801,305.01

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

Balance December 31, 2020		\$	-
Increased by Receipts:			
Consumer Accounts Receivable	2,136,084.80		
Special Charges	97.34		
Utility Liens	16,165.71		
Prepaid Utility Rents	<u>150,389.30</u>		
			<u>2,302,737.15</u>
			2,302,737.15
Decreased by Disbursements:			
Payment to Treasurer			<u>2,302,737.15</u>
Balance December 31, 2021		\$	<u><u>-</u></u>

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

Balance December 31, 2020	\$	113,973.77
Increased by Receipts:		
Utility Rents Levied	2,341,877.52	
Overpayments Created	35.25	
Adjustments to balance	2,669.69	
		2,344,582.46
		2,458,556.23
Decreased by Collections:		
Collections - 2021	2,135,526.21	
Collections - 2020	136,736.08	
Collections - Special Charges	97.34	
Overpayments Applied	558.59	
Cancellations	766.25	
Transfers to Lien	4,963.31	
		2,278,647.78
Balance December 31, 2021		179,908.45

**WATER AND SEWER OPERATING FUND
SCHEDULE OF LIENS**

Balance December 31, 2020		25,329.80
Increased by:		
Transfers from Accounts Receivable	4,963.31	
Penalties and Costs Accrued by Sale of December 15, 2021	-	
		4,963.31
		30,293.11
Decreased by:		
Collections	16,165.71	
		16,165.71
Balance December 31, 2021	\$	14,127.40

**WATER AND SEWER CAPITAL FUND
SCHEDULE OF FIXED CAPITAL - SEWER**

ACCOUNT	Balance Dec. 31, 2020	Additions by		Cancelled	Balance Dec. 31, 2021
		Budget Capital Outlay	By Ordinance		
Sewer Mains	\$ 161,073.44				161,073.44
Engineering and Superintendants	13,131.00				13,131.00
General Equipment	4,726.00				4,726.00
Sewer Line Extension	73,542.00				73,542.00
Sewer Improvements	87,500.00				87,500.00
Erection of Fence	4,361.00				4,361.00
Various Improvements to Sewer System	3,693,400.00				3,693,400.00
8th Terrace Sewer Replacement	65,000.00				65,000.00
Extension of Sanitary Sewers in Buerger Street, Beethoven Street, Baltimore Avenue and Claudius Street	680,000.00				680,000.00
Extension or Replacement of Sanitary Sewers and/or Water Mains on Various City Streets	100,000.00				100,000.00
Sanitary Sewer Replacement and Extension	1,002,066.00				1,002,066.00
#13-03 Sewer Extensions and Replacements	150,582.00				150,582.00
Sewer Extensions - 2004	160,800.00				160,800.00
Sewer Plant Demolition	140,000.00				140,000.00
#13-04 Hamburg Avenue Sanitary Sewer Expansion	3,100,000.00				3,100,000.00
#14-06 Various Sewer Utility Improvements	106,235.00				106,235.00
#11-07 Various Sewer Utility Improvements	250,000.00				250,000.00
#20-08 EHC North Utility Improvements	3,016,001.00				3,016,001.00
#21-08 Various Sewer Utility Improvements	38,219.00				38,219.00
#05-13 Refunding Bond Issue	60,729.00				60,729.00
#11-2018 Various Sewer Utility Repairs	84,750.00				84,750.00
#17-2019 Various Water Utility Improvements			19,928.00		19,928.00
	\$ 12,992,115.44	-	19,928.00	-	13,012,043.44

See Accompanying Auditor's Report

**WATER AND SEWER CAPITAL FUND
SCHEDULE OF FIXED CAPITAL - WATER**

ACCOUNT	Additions by			Balance Dec. 31, 2021
	Balance Dec. 31, 2020	Budget Capital Outlay	By Ordinance	
Reservation Land	\$ 4,416.44			4,416.44
Filters	12,281.00			12,281.00
Chemical Treatment Plant	3,308.00			3,308.00
Pumping Station Structures	50,136.00			50,136.00
Electric Power Pumping Equipment	55,975.00			55,975.00
Other Power Pumping Equipment	755.00			755.00
Storage Reservoirs, Tanks and Sandpipes	153,918.00			153,918.00
Distribution Mains and Accessories	289,769.00			289,769.00
Service Pipes and Stops	13,559.00			13,559.00
Meters, Meter Boxes and Vaults	22,846.00			22,846.00
Fire Hydrants and Fire Cisterns	9,385.00			9,385.00
General Structures	16,699.00			16,699.00
General Equipment	16,219.00			16,219.00
Chlorinator	1,575.00			1,575.00
Water Plant Improvements	51,000.00			51,000.00
Repairs to Water System	25,000.00			25,000.00
General Improvements	124,373.00			124,373.00
Refinishing Water Tower	25,000.00			25,000.00
New Wells and Filters	205,327.00			205,327.00
Various Improvements to Water System	2,356,600.00			2,356,600.00
Improvements to Monitoring Wells	10,000.00			10,000.00
Replacement of Well #3	260,000.00			260,000.00
Purchase of Automated Meter Reading System	15,000.00			15,000.00
#9-03 Water Tank Renovations	274,021.00			274,021.00
Land for Water Plant - 2008	221,487.00			221,487.00
#11-06 Improvements to Hamburg Avenue Water Service	2,950,000.00			2,950,000.00
#14-06 Various Water Utility Improvements	83,114.00			83,114.00
#11-07 Various Water Utility Improvements	250,000.00			250,000.00
#20-08 EHC North Utility Improvements	3,016,000.00			3,016,000.00
#21-08 Various Water Utility Improvements	38,219.00			38,219.00
#12-09 Acquisition of Land for Water Plant	5,682,078.92			5,682,078.92
#05-13 Refunding Bond Issue	60,730.00			60,730.00
#11-2018 Various Water Utility Repairs	15,250.00			15,250.00
#17-2019 Various Water Utility Improvements	69,500.00		19,928.00	89,428.00
	\$ 16,383,541.36	-	19,928.00	16,403,469.36

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Improvement Description	Date	Amount	Balance Dec. 31, 2020	2021 Authorizations		Costs to Fixed Capital	Authorizations Canceled	Balance Dec. 31, 2021
				Deferred Reserve for Amortization	Deferred Charges to Future Revenue			
#17-2019 Various Sewer & Water Improvements	9/21/2019	125,000.00	\$ 55,500.00			39,856.00		15,644.00
			\$ 55,500.00			39,856.00		15,644.00

**WATER AND SEWER OPERATING FUND
SCHEDULE OF APPROPRIATION RESERVES**

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
Operating:						
Salaries and Wages	\$ 1,717.02	1,717.02	-		1,717.02	
Other Expenses	78,532.58	38,532.58	28,413.64	685.68	9,433.26	
Engineering Fees	5,000.00	45,000.00	24,830.00	20,170.00	-	
Legal Fees	1,210.00	1,210.00	645.00		565.00	
Atlantic County Sewerage Authority - Contractual	28,388.80	28,388.80	14,193.60		14,195.20	
Deferred Charges and Statutory Expenditures						
Contribution to:						
Social Security System (O.A.S.I.)	1,344.77	1,344.77	-		1,344.77	
	<u>\$ 116,193.17</u>	<u>116,193.17</u>	<u>68,082.24</u>	<u>20,855.68</u>	<u>27,255.25</u>	<u>-</u>

See Accompanying Auditor's Report

**WATER AND SEWER OPERATING FUND
SCHEDULE OF ACCRUED INTEREST ON BONDS
AND NOTES - ANALYSIS OF BALANCE -
DECEMBER 31, 2021**

Balance December 31, 2020		\$ 106,076.89
Increased by:		
Budget Appropriation for Interest on Bonds and Notes		426,257.16
		532,334.05
Decreased by:		
Interest Paid - Treasurer		437,230.19
Balance December 31, 2021		\$ 95,103.86

**ANALYSIS OF ACCRUED INTEREST
DECEMBER 31, 2021**

Principal Outstanding Dec. 31, 2021	Interest Rate	From	To	Period	Amount
Serial Bonds					
635,000.00	3.50%	8/1/2021	12/31/2021	153	9,445.63
4,179,242.72	2.25%	10/14/2021	12/31/2021	78	20,373.81
4,775,000.00	3.50%	10/15/2021	12/31/2021	77	35,746.18
1,275,000.00	2.30%	10/1/2021	12/31/2021	92	7,494.17
3,614,105.53	2.25%	10/14/2021	12/31/2021	79	17,844.65
					90,904.44
Bond Anticipation Notes					
547,750.00	1.00%	3/31/2021	12/31/2021	276	4,199.42
					4,199.42
Total Accrued Interest					\$ 95,103.86

**WATER AND SEWER OPERATING FUND
SCHEDULE OF RENT OVERPAYMENTS**

Balance December 31, 2020		\$	4,158.94
Increased by:			
Overpayments Created			<u>35.25</u>
			4,194.19
Decreased by:			
Overpayments Applied	558.59		
Overpayments Refunded	<u>350.00</u>		
			<u>908.59</u>
Balance December 31, 2021		\$	<u><u>3,285.60</u></u>

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

Improvement Authorization	Date	Ordinance Amount	Balance Dec. 31, 2020		Authorizations				Balance Dec. 31, 2021			
			Funded	Unfunded	Down Payment or Capital Improv. Fund	Deferred Charged to Future Revenue	Cash	Paid or Charged Current Year Encumbered	Prior Year Encumbered	Authorizations Cancelled	Funded	Unfunded
#17-2019 Various Water & Sewer System Improvements	11/21/2019	125,000 \$	-	25,500.00	-	9,856.00	9,856.00	-	-	-	-	15,644.00
			-	25,500.00	-	9,856.00	9,856.00	-	-	-	-	15,644.00
						Cash	9,856.00					
							9,856.00					

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF RESERVE FOR AMORTIZATION - WATER**

Balance December 31, 2020	\$	8,850,148.90
Increased by:		
Serial Bonds Paid	284,653.51	284,653.51
Balance December 31, 2021		9,134,802.41

SCHEDULE OF RESERVE FOR AMORTIZATION - SEWER

Balance December 31, 2020		4,855,125.00
Increased by:		
Serial Bonds Paid	265,881.57	265,881.57
Balance December 31, 2021	\$	5,121,006.57

**WATER AND SEWER CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

Balance December 31, 2020	\$	17,000.00
Increased by:		
Paid from Operating Budget		
Bond Anticipation Notes	<u>7,250.00</u>	<u>7,250.00</u>
Balance December 31, 2021	\$	<u><u>24,250.00</u></u>

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

Purpose	Date of Issue	Original Issue	Date	Maturities Outstanding December 31, 2021		Int. Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
				Amount						
Refunding Bond Issue	4/26/11	1,690,000.00	8/1/22	150,000.00	3.750%					
			8/1/23	155,000.00	4.000%					
			8/1/24	160,000.00	4.000%					
			8/1/25	170,000.00	4.000%	780,000.00		145,000.00		635,000.00
Egg Harbor City North Utility Improvements	10/14/11	5,056,000.00	4/14/22 -							
			10/14/51	4,179,242.45	2.250%	4,276,005.85		96,763.13		4,179,242.72

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Int. Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
General Obligation Refunding Bonds, Series 2014	10/8/2014	5,295,000.00	10/15/2022	150,000.00	2.500%				
			10/15/2023	155,000.00	2.750%				
			10/15/2024	160,000.00	3.000%				
			10/15/2025	165,000.00 (1)	3.250%				
			10/15/2026	165,000.00 (1)	3.250%				
			10/15/2027	175,000.00 (1)	3.250%				
			10/15/2028	180,000.00 (1)	3.250%				
			10/15/2029	185,000.00 (1)	3.250%				
			10/15/2030	190,000.00 (2)	3.500%				
			10/15/2031	195,000.00 (2)	3.500%				
			10/15/2032	205,000.00 (2)	3.500%				
			10/15/2033	210,000.00 (2)	3.500%				
			10/15/2034	220,000.00 (2)	3.500%				
			10/15/2035	225,000.00 (3)	4.500%				
		10/15/2036	235,000.00 (3)	4.500%					
		10/15/2037	245,000.00 (3)	4.500%					
		10/15/2038	260,000.00 (3)	4.500%					
		10/15/2039	270,000.00 (3)	4.500%					
		10/15/2040	280,000.00 (4)	4.000%					
		10/15/2041	295,000.00 (4)	4.000%					
		10/15/2042-43	305,000.00 (4)	4.000%	4,920,000.00		145,000.00		4,775,000.00
Water Plant Construction	4/13/2016	1,700,000.00	4/1/22-4/1/25	100,000.00	2.250%				
			4/1/26-4/1/28	150,000.00	2.250%				
			4/1/2029	150,000.00	2.375%				
			4/1/2030	150,000.00	2.500%				
		4/1/2031	125,000.00	2.500%	1,370,000.00		95,000.00		1,275,000.00

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Int. Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
Water Plant Construction	4/14/2016	3,974,000.00	4/14/2022	34,967.32	2.250%				
			10/14/2022	35,360.70	2.250%				
			4/14/2023	35,758.51	2.250%				
			10/14/2023	36,160.79	2.250%				
			4/14/2024	36,567.60	2.250%				
			10/14/2024	36,978.98	2.250%				
			4/14/2025	37,395.00	2.250%				
			10/14/2025	37,815.69	2.250%				
			4/14/2026	38,241.12	2.250%				
			10/14/2026	38,671.33	2.250%				
			4/14/2027	39,106.38	2.250%				
			10/14/2027	39,546.33	2.250%				
			4/14/2028	39,991.23	2.250%				
			10/14/2028	40,441.13	2.250%				
			4/14/2029	40,896.09	2.250%				
		10/14/2029	41,356.17	2.250%					
		4/14/2030	41,821.43	2.250%					
		10/14/2030	42,291.92	2.250%					
		4/14/2031	42,767.70	2.250%					
		10/14/2031	43,248.84	2.250%					
		4/14/2032	43,735.39	2.250%					
		10/14/2032	44,227.41	2.250%					
		4/14/2033	44,724.97	2.250%					
		10/14/2033	45,228.13	2.250%					
		4/14/2034	45,736.94	2.250%					
		10/14/2034	46,251.48	2.250%					
		4/14/2035	46,771.81	2.250%					
		10/14/2035	47,298.00	2.250%					

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Int. Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
Water Plant Construction (continued)	4/14/2016	3,974,000.00	4/14/2036	47,830.10	2.250%				
			10/14/2036	48,368.19	2.250%				
			4/14/2037	48,912.33	2.250%				
			10/14/2037	49,462.59	2.250%				
			4/14/2038	50,019.05	2.250%				
			10/14/2038	50,581.76	2.250%				
			4/14/2039	51,150.81	2.250%				
			10/14/2039	51,726.25	2.250%				
			4/14/2040	52,308.17	2.250%				
			10/14/2040	52,896.64	2.250%				
			4/14/2041	53,491.73	2.250%				
			10/14/2041	54,093.51	2.250%				
			4/14/2042	54,702.06	2.250%				
			10/14/2042	55,317.46	2.250%				
			4/14/2043	55,939.78	2.250%				
			10/14/2043	56,569.10	2.250%				
			4/14/2044	57,205.50	2.250%				
			10/14/2044	57,849.07	2.250%				
			4/14/2045	58,499.87	2.250%				
			10/14/2045	59,157.99	2.250%				
		4/14/2046	59,823.52	2.250%					
		10/14/2046	60,496.53	2.250%					
		4/14/2047	61,177.12	2.250%					
		10/14/2047	61,865.36	2.250%					
		4/14/2048	62,561.35	2.250%					
		10/14/2048	63,265.16	2.250%					
		4/14/2049	63,976.90	2.250%					
		10/14/2049	64,696.64	2.250%					
		4/14/2050	65,424.47	2.250%					
		10/14/2050	66,160.50	2.250%					
		4/14/2051	66,904.80	2.250%					
		10/14/2051	67,657.48	2.250%					
		4/14/2052	68,418.63	2.250%					
		10/14/2052	69,188.34	2.250%					
		4/14/2053	69,966.71	2.250%					

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Int. Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
Water Plant Construction (continued)	4/14/2016	3,974,000.00	10/14/2053	70,753.83	2.250%				
			4/14/2054	71,549.81	2.250%				
			10/14/2054	72,354.75	2.250%				
			4/14/2055	73,168.74	2.250%				
			10/14/2055	73,991.89	2.250%				
			4/14/2056	71,262.38	2.250%	3,682,877.47		68,771.94	3,614,105.53
						\$ 15,028,883.32	-	550,535.07	14,478,348.25

- (1) \$870,000 3.25% Term Bond due October 15, 2029
- (2) \$1,020,000 3.50% Term Bond due October 15, 2034
- (3) \$1,235,000 4.50% Term Bond due October 15, 2039
- (4) \$1,185,000 4.0% Term Bond due October 15, 2043

Paid through budget
Refunded
550,535.07

**WATER AND SEWER UTILITY CAPITAL FUND
SCHEDULE OF BOND ANTICIPATION NOTES**

Improvement Description	Date of Original Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
#6-2004 Sewer Extensions	4/13/2016	3/30/2022	1.00% \$	155,900.00		2,050.00	153,850.00
#20-2008 Various Water & Sewer Improvements	4/13/2016	3/30/2022	1.00%	304,100.00		3,950.00	300,150.00
#11-2018 Various Water & Sewer Repairs	4/9/2018	3/30/2022	1.00%	95,000.00		1,250.00	93,750.00
			\$	<u>555,000.00</u>	<u>-</u>	<u>7,250.00</u>	<u>547,750.00</u>

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

Improvement Description	Date of Ordinance	Balance Dec. 31, 2020	2021 Authorizations	Transfer from BAN	Notes Issued	Authorizations Cancelled	Balance Dec. 31, 2021
#17-2019 \ Various Water/Sewer Repairs	11/21/2019	125,000.00					125,000.00
		\$ 125,000.00	-	-	-	-	125,000.00

EGG HARBOR CITY

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

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GENERAL COMMENTS

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost of the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate \$44,000, except by contract or agreement".

The governing body of the municipality has the responsibility of determining whether the expenditures of any category will exceed \$44,000 within the calendar year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Counsel's opinion should be sought before a commitment is made.

The minutes indicate bids were requested by public advertising for the following items:
FY2020 Reconstruction of 300 Block of St. Louis Avenue and 6th Terrace (400 Block)

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

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

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

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 6, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes:

WHEREAS, NJSA 54:4-67 permits the governing body of each municipality to fix the rate of interest to be charged for nonpayment of taxes, assessments, and water and sewer bills subject to any abatement or discount for the late payment of taxes and water and sewer bills as provided by law; and

WHEREAS, NJSA 54:4-67 has been amended to permit the fixing of said rate of 8% per annum on the first \$1,500 of the delinquency and 18% per annum on any amount in excess of \$1,500 and allows an additional penalty of 6% to be collected against a delinquency in excess of \$10,000 on properties that fail to pay the delinquency prior to the end of the calendar year.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of Egg Harbor City, County of Atlantic, State of New Jersey as follows:

1. The Tax and Utility Collector's are hereby authorized and directed to charge 8% per annum on the first \$1,500 of taxes and water and sewer bills becoming delinquent after due date and 18% per annum on any amount of taxes and water and sewer bills in excess of \$1,500 becoming delinquent after due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of 6% shall be charged against the delinquency.

2. There is a ten (10) day grace period of quarterly tax and water and sewer bill payments made by cash, check or money order.

3. Any payments not made in accordance with paragraph two of this resolution shall be charged interest from the due date as set forth in paragraph one of this resolution.

4. This resolution shall be published in its entirety once in an official newspaper of Egg Harbor City.

5. A certified copy of this resolution shall be provided by the City Clerk to the Utility Collector, City Attorney, and City Auditor for Egg Harbor City.

It appears from an examination of the collector's records that interest was collected in accordance with the resolution adopted by the governing body.

Delinquent Taxes and Tax Title Liens

During the 2021 calendar year, the City held their tax sale on December 15, 2021. The sale was complete for all properties which could be included in the sale; however, there are several bankruptcies from prior years that could not be sold.

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

<u>Year</u>	<u>Number of Liens</u>
2021	4,108
2020	4,122
2019	4,195

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis. Included in the balances above are inactive tax title liens. These liens have been dormant since the early 1940's and represent approximately 3,300 liens.

During the 2021 calendar year, the City received no final judgments on In Rem Foreclosure of municipal tax title liens.

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2021 & 2022 Taxes	25
Municipal Tax Title Liens	10
Payment of 2021 Water & Sewer Utility Charges	25

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.

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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.

Year	Currently		
	Tax Levy	Cash Collections	Percent of Collections
2021	\$ 10,398,430.39	10,229,222.86	98.37%
2020	10,597,564.44	10,322,741.53	97.40%
2019	10,457,204.79	10,180,306.52	97.35%
2018	10,435,781.66	10,205,428.25	97.79%
2017	10,381,585.37	10,159,392.30	97.86%

Comparative Schedule of Tax Rate Information

	2021	2020	2019	2018	2017
Tax Rate	5.225	5.281	5.255	5.264	4.666
Apportionment of Tax Rate:					
Municipal	2.299	2.299	2.299	2.263	1.959
County	0.571	0.579	0.596	0.606	0.592
Local School	1.632	1,647	1.638	1.639	1.442
Regional High School	0.723	0.756	0.722	0.756	0.673
Assessed Valuation	198,233,900	198,862,500	198,723,500	197,867,300	222,198,200

Delinquent Taxes and Tax Title Liens

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

Year	Amount of Tax Title Liens	Amount of Delinquent Taxes	Total Delinquent	Percentage Of Tax Levy
2021	\$ 859,351.70	21,506.78	880,858.48	8.47%
2020	890,314.48	18,176.54	908,491.02	8.57%
2019	739,369.77	14,844.64	754,214.41	7.21%
2018	946,243.73	5,284.15	951,527.88	9.12%
2017	946,052.52	5,097.64	951,150.16	9.16%

Uniform Construction Code

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

RECOMMENDATIONS

None

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

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

Very truly yours,

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

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

July 6, 2022