

EGG HARBOR CITY

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

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, 2022

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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, 2022 and 2021, 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, 2022 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 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 schedule of expenditures of federal awards and schedule of state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and NJ OMB 15-08 respectively, and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents, schedule of expenditures of federal awards and the schedule of state financial assistance are fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, 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

June 30, 2023

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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>2022</u>	<u>2021</u>
Regular Fund:		
Cash:		
Treasurer	\$ 2,194,371.18	1,994,157.91
Change	400.00	400.00
Investment in Bond Anticipation Note	100,000.00	-
Total Cash	<u>2,294,771.18</u>	<u>1,994,557.91</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	13,448.51	21,506.78
Tax Title and Other Liens	758,854.30	859,351.70
Code Enforcement Special Charges	860.63	2,774.27
Property Acquired for Taxes - at Assessed Valuation	749,889.00	837,089.00
Due from Grant Fund	38,024.74	-
Total Receivables and Other Assets	<u>1,561,077.18</u>	<u>1,720,721.75</u>
Deferred Charges:		
Emergency Authorization	94,000.00	-
Special Emergency NJSA 40:A;4-53	40,000.00	50,000.00
Total Deferred Charges	<u>134,000.00</u>	<u>50,000.00</u>
Total Regular Fund	<u>3,989,848.36</u>	<u>3,765,279.66</u>
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,776,180.07	1,559,347.83
Due from Current Fund	-	256,041.76
Total Federal and State Grant Fund	<u>1,776,180.07</u>	<u>1,815,389.59</u>
Total Current Fund	<u>\$ 5,766,028.43</u>	<u>5,580,669.25</u>

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2022</u>	<u>2021</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 164,035.34	155,808.01
Reserve for Encumbrances	213,357.89	142,530.75
Accounts Payable	62,708.98	31,442.00
Taxes Collected in Advance	103,555.35	160,163.76
Overpaid Taxes	83,076.37	97,362.75
Payroll Taxes Payable	30,006.96	27,196.38
Special Emergency Note Payable	40,000.00	50,000.00
County Added Tax Payable	8,499.97	4,448.46
Regional High School District-Taxes	66,625.07	12,383.37
Due to State:		
Veterans and Senior Citizens	6,268.57	9,043.23
Burial Permits	5.00	-
Marriage Licence Fees	-	175.00
DCA Training Fees	880.00	2,899.00
Interfund Payable:		
Federal and State Grant Fund	-	256,041.76
Other Reserve for		
Municipal Relief Fund	24,697.56	-
COVID Relief Funds	82,116.98	-
Land Sales	5,500.00	50,000.00
Master Plan Update	40,430.00	43,880.00
Curbs and Sidewalks	7,651.71	7,651.71
	939,415.75	1,051,026.18
Reserve for Receivables and Other Assets	1,561,077.18	1,720,721.75
Fund Balance	1,489,355.43	993,531.73
Total Regular Fund	3,989,848.36	3,765,279.66
Federal and State Grant Fund:		
Unappropriated Reserves	3,743.26	16,058.49
Appropriated Reserves	1,501,225.25	1,241,038.03
Encumbrances Payable	163,195.95	488,302.20
Due to Current Fund	38,024.74	-
Due to Trust Fund	69,990.87	69,990.87
	1,776,180.07	1,815,389.59
Total Federal and State Grant Fund	1,776,180.07	1,815,389.59
Total Current Fund	\$ 5,766,028.43	5,580,669.25

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

	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized		
Fund Balance	\$ 215,000.00	215,000.00
Miscellaneous Revenue Anticipated	2,489,395.41	2,288,803.89
Receipts from Delinquent Taxes	129,585.52	162,164.82
Receipts from Current Taxes	10,809,034.47	10,229,222.86
Non Budget Revenue	152,745.30	53,727.85
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	135,245.76	196,923.55
Cancellation of Prior Year Liabilities	6,975.62	799.09
Total Income	<u>13,937,982.08</u>	<u>13,146,642.06</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	2,032,350.00	2,041,450.00
Other Expenses	2,749,135.00	2,733,715.42
Deferred Charges & Statutory Expenditures	608,701.00	634,480.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	1,177,266.26	872,611.01
Capital Improvements	129,000.00	25,000.00
Debt Service	270,833.14	287,112.50
Deferred Charges	10,000.00	40,000.00
Transferred to Board of Education for use by Local and Regional High School Districts	18,822.00	19,002.00
Local District School Tax	3,465,395.00	3,236,755.00
County Tax	1,240,397.65	1,129,523.58
County Share of Added Tax	8,499.97	4,448.46
Regional High School Tax	1,567,056.00	1,433,762.00
Interfunds Created	38,024.74	-
Cancellation of Prior Year Revenue-Grants	5,677.62	767.99
Total Expenditures	<u>13,321,158.38</u>	<u>12,458,627.96</u>
Excess in Revenue	<u>616,823.70</u>	<u>688,014.10</u>

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

	2022	2021
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year		
Special Emergency	94,000.00	50,000.00
Total Adjustments	94,000.00	50,000.00
Statutory Excess to Fund Balance	710,823.70	738,014.10
Fund Balance January 1	993,531.73	470,517.63
	1,704,355.43	1,208,531.73
Decreased by:		
Utilization as Anticipated Revenue	215,000.00	215,000.00
Fund Balance December 31	\$ 1,489,355.43	993,531.73

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	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	38,500.00	39,287.76	787.76
Other	40,000.00	46,408.00	6,408.00
Interest and Costs on Taxes	100,000.00	96,474.48	(3,525.52)
Interest Earned on Investments	2,500.00	2,930.37	430.37
Rental of Municipal Property	31,000.00	31,750.00	750.00
Lake Parking Fees	80,000.00	130,370.00	50,370.00
Campground Royalty	5,000.00	17,518.51	12,518.51
Total Section A: Local Revenues	<u>297,000.00</u>	<u>364,739.12</u>	<u>67,739.12</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	55,500.00	72,099.00	16,599.00
Total Section C: Uniform Construction Code Fees	<u>55,500.00</u>	<u>72,099.00</u>	<u>16,599.00</u>

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	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	6,401.05		6,401.05	
Clean Communities Program	15,151.90		15,151.90	
DMHAS Municipal Alliance Grant		3,124.38	3,124.38	
Body Armor Grant	1,008.38		1,008.38	
Sustainable Jersey Small Grants Program-Resiliency Grant		5,000.00	5,000.00	
Statewide Insurance Safety Grant	4,156.00		4,156.00	
American Rescue Plan - Firefighter Assistance Grant		43,000.00	43,000.00	
Municipal Alliance on Alcoholism and Drug Abuse	5,539.64		5,539.64	
New Jersey Board of Public Utilities - Community Energy Planning Grant		25,000.00	25,000.00	
NJ Transportation Trust Fund-FY21 100-200 Washington	285,000.00		285,000.00	
NJDOT-FY22 Safe Streets to Transit	600,000.00		600,000.00	
2021 NJUCF Stewardship Grant	30,000.00		30,000.00	
2022 Local Aid Infrastructure Gran-Chicago Ave	120,000.00		120,000.00	
Total Section F: Special Items - Public and Private Programs	1,067,256.97	76,124.38	1,143,381.35	-
Off-Set with Appropriations				
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	18,000.00		11,882.51	(6,117.49)
Rental Registrations	56,000.00		80,000.00	24,000.00
Payment in Lieu of Taxes	40,000.00		73,763.87	33,763.87
Cemetery Contribution	15,000.00		15,000.00	-
Conifer PILOT	61,000.00		64,568.56	3,568.56
Coronavirus Local Fiscal Recovery Fund	146,000.00		146,000.00	-
Reserve for Land Sales	44,500.00		44,500.00	-
Total Section G: Other Special Items	380,500.00	-	435,714.94	55,214.94

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Total Miscellaneous Revenues:	2,273,717.97	76,124.38	139,553.06
Receipts from Delinquent Taxes	7,500.00		122,085.52
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	4,574,754.52		190,003.94
Total Amount to be Raised by Taxes for Support of Municipal Budget	4,574,754.52	-	190,003.94
Budget Totals	7,070,972.49	76,124.38	451,642.52
Non- Budget Revenues: Other Non- Budget Revenues:		152,745.30	152,745.30
	\$ 7,070,972.49	76,124.38	604,387.82

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Analysis of Realized Revenues

Allocation of Current Tax Collections:		
Revenue from Collections	\$	10,809,034.47
Allocated to:		
School, County and Other Taxes		6,281,348.62
Balance for Support of Municipal Budget Appropriations		4,527,685.85
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		237,072.61
Amount for Support of Municipal Budget Appropriations		4,764,758.46

Receipts from Delinquent Taxes:		
Delinquent Tax Collection		17,436.72
Tax Title Lien Collections		112,148.80
Total Receipts from Delinquent Taxes		129,585.52

Analysis of Non-Budget Revenue:		
Miscellaneous Revenue Not Anticipated:		
Tax Collector:		
Code Enforcement Fee		5,328.37
Tax Search Fees		50.00
Certificate of Redemption		
Subtotal - Tax Collector		5,378.37
Treasurer:		
Cable Franchise Fee		13,915.32
Sale of Property		101,935.00
Police Department		3,122.00
Harbor Lights Donation		599.00
ARC Donations		650.00
Vacant Property Registrations		4,200.00
2021 FEMA Claim Reimbursement		11,259.45
Miscellaneous Refunds		4,896.40
Veteran's and Senior Citizen 2%		
Administrative Fee		544.51
Other Miscellaneous		6,245.25
Subtotal - Treasurer		147,366.93
Total Miscellaneous Revenue Not Anticipated	\$	152,745.30

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	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	-	688.88	-
Municipal Clerk (Other)	115,000.00	116,000.00	115,311.12			
Other Expenses						
City Clerk	18,000.00	21,500.00	19,792.80	610.99	1,096.21	
Governing Body	9,500.00	9,500.00	8,950.97	163.40	385.63	
Financial Administration						
Salaries and Wages	83,500.00	89,500.00	87,921.92		1,578.08	
Other Expenses	40,000.00	54,500.00	36,825.00		5.14	
Audit Services	25,500.00	25,500.00	25,500.00	17,669.86		
Assessment of Taxes						
Salaries and Wages	20,600.00	20,700.00	20,647.27		52.73	
Other Expenses	9,500.00	9,500.00	9,007.10		492.90	
Tax Collector						
Salaries and Wages	37,500.00	38,000.00	37,611.52		388.48	
Other Expenses:						
Tax Sale Costs	600.00	4,600.00	325.00	4,275.00		
Miscellaneous Other Expenses	5,500.00	5,500.00	4,739.34	347.22	413.44	
Liquidation of Tax Title Liens and Foreclosed Property						
Other Expenses	100.00	100.00	100.00			
Legal Services and Costs						
Other Expenses	115,000.00	115,000.00	97,135.75	5,989.23	11,875.02	
Engineering Services and Costs						
Other Expenses	30,000.00	30,000.00	9,698.00	1,148.00	19,154.00	
Public Buildings and Grounds						
Other Expenses	44,000.00	58,000.00	50,335.91	7,473.84	190.25	
Municipal Land Use Law (NJSA 40:55D-1)						
Combined Planning & Zoning/Code Board						
Salaries and Wages	66,500.00	68,000.00	67,797.87		202.13	
Other Expenses	15,000.00	7,500.00	5,712.72	1,504.96	282.32	
Economic Development						
Other Expenses	100.00	100.00	-		100.00	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	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	12,900.00	11,933.04		966.96	
Other Expenses	1,500.00	2,600.00	2,401.40	107.00	91.60	
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	1,386,000.00	1,258,700.00	1,227,841.34		30,858.66	
Other Expenses:						
Miscellaneous Other Expenses	125,000.00	200,000.00	100,179.23	57,079.90	42,740.87	
Police Radio and Communications						
Salaries and Wages	1,200.00	1,200.00	1,200.00	-	-	
Other Expenses	188,000.00	189,100.00	173,187.00	15,885.86	27.14	
Municipal Court						
Other Expenses	100.00	100.00	-		100.00	
First Aid Organization						
Other Expenses - Emergency Medical Services	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	292.76	600.00	7.24	
PUBLIC WORKS						
Solid Waste Collection (Public Works)						
Salaries and Wages	270,000.00	272,000.00	271,603.25		396.75	
Other Expenses:						
Hauling Fee (Tipping and Hauling Fee)	317,500.00	323,600.00	321,973.80	525.00	1,101.20	
Miscellaneous Other Expenses	28,500.00	34,500.00	32,280.19	1,817.88	401.93	
Vehicle Maintenance	110,000.00	175,000.00	124,845.62	45,073.66	5,080.72	
Solid Waste Disposal Cost	175,000.00	175,000.00	170,765.78		4,234.22	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
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	8,700.00	7,700.00	700.00	300.00	
RECREATION AND EDUCATION						
Parks and Playgrounds						
Salaries and Wages	55,500.00	55,500.00	55,490.00		10.00	
Other Expenses:						
Lining of Kern Field	25.00	25.00	-	-	25.00	
Miscellaneous Other Expenses	9,400.00	27,900.00	27,682.51	200.00	17.49	
Anniversary or Holiday						
Other Expenses	4,500.00	4,500.00	3,979.29	200.00	320.71	
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	7,834.14	6,165.86	-	
INSURANCE						
Group Insurance Plans for Employees	495,000.00	430,000.00	422,138.02	443.63	7,418.35	
Firemen's Group Insurance Premiums	14,000.00	16,500.00	16,279.52		220.48	
Surety Bond Premiums	1,000.00	100.00	-	-	100.00	
Other Insurance Premiums:						
Liability Insurance (JIF)	158,560.00	146,060.00	146,060.00		-	
Workers Compensation (JIF)	158,560.00	146,060.00	146,060.00		-	
Health Benefits Waiver	7,500.00	6,500.00	4,791.67		1,708.33	
UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	67,000.00	67,000.00	66,645.12		354.88	
Other Expenses	1,350.00	1,350.00	1,048.99	39.05	261.96	

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
UNCLASSIFIED					
Street Lighting	132,000.00	146,000.00	132,143.35	12,838.91	1,017.74
Gasoline	72,500.00	72,500.00	62,482.82	8,626.48	1,390.70
Electric	115,000.00	113,000.00	90,150.56	11,627.39	11,222.05
Natural Gas	29,000.00	29,000.00	19,440.52	4,619.41	4,940.07
Telephone	40,000.00	34,400.00	30,563.31	2,625.36	1,211.33
Fire Hydrant Service	30,000.00	30,000.00	30,000.00	-	-
Accumulated Absences	15,000.00	15,000.00	15,000.00	-	-
TOTAL OPERATIONS WITHIN "CAPS"	4,781,385.00	4,781,385.00	4,419,155.52	208,357.89	153,871.59
Contingent	100.00	100.00	-	-	100.00
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	4,781,485.00	4,781,485.00	4,419,155.52	208,357.89	153,971.59
Detail:					
Salaries and Wages	2,149,150.00	2,032,350.00	1,996,752.45	-	35,597.55
Other Expenses	2,632,335.00	2,749,135.00	2,422,403.07	208,357.89	118,374.04
DEFERRED CHARGES AND STATUTORY EXPENDITURES:					
Deferred Charges:					
None					
Statutory Expenditures:					
Contributions to:					
Public Employees' Retirement System	124,724.00	124,724.00	124,723.28		0.72
Social Security System (O.A.S.I.)	160,000.00	160,000.00	157,631.30		2,368.70
Police and Fireman's Retirement System of NJ	318,977.00	318,977.00	318,976.67		0.33
Unemployment Compensation Insurance	5,000.00	5,000.00	5,000.00		-
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	608,701.00	608,701.00	606,331.25	-	2,369.75

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	<u>5,390,186.00</u>	<u>5,390,186.00</u>	<u>5,025,486.77</u>	<u>208,357.89</u>	<u>156,341.34</u>
OPERATIONS - EXCLUDED FROM "CAPS"					
(A) Operations - Excluded from "CAPS" Recycling Tax Appropriation	7,500.00	7,500.00	-	-	7,500.00
	<u>7,500.00</u>	<u>7,500.00</u>	<u>-</u>	<u>-</u>	<u>7,500.00</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.)	15,151.90	15,151.90	15,151.90	-	-
Recycling Tonnage Grant	6,401.05	6,401.05	6,401.05	-	-
Body Armor	1,008.38	1,008.38	1,008.38	-	-
Sustainable Jersey Small Grants Program- Sustainable Communities	-	5,000.00	5,000.00	-	-
Statewide Insurance Safety Grant	4,156.00	4,156.00	4,156.00	-	-
New Jersey Board of Public Utilities	-	25,000.00	25,000.00	-	-
Community Energy Planning Grant	5,539.64	5,539.64	5,539.64	-	-
Municipal Alliance July 1-June 30	1,384.91	1,384.91	1,384.91	-	-
Municipal Alliance Local Share	-	3,124.38	3,124.38	-	-
Municipal Alliance Grant - DMHAS	-	43,000.00	43,000.00	-	-
American Rescue Plan Firefighter Assistance Grant	285,000.00	285,000.00	285,000.00	-	-
NJ Transportation Trust FY21-100-200 Washington	600,000.00	600,000.00	600,000.00	-	-
NJDOT-FY22 Safe Streets to Transit	30,000.00	30,000.00	30,000.00	-	-
2021 NJUCF Stewardship Grant	120,000.00	120,000.00	120,000.00	-	-
2022 Local Aid Infrastructure Grant-Chicago Ave					
	<u>1,093,641.88</u>	<u>1,169,766.26</u>	<u>1,169,766.26</u>	<u>-</u>	<u>-</u>
Total Public and Private Programs Off-Set by Revenues					
Total Operations - Excluded from "CAPS"	1,101,141.88	1,177,266.26	1,169,766.26	-	7,500.00
Detail:					
Salaries and Wages	-	-	-	-	-
Other Expenses	1,101,141.88	1,177,266.26	1,169,766.26	-	7,500.00
(C) Capital Improvements					

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
Capital Improvement Fund	19,000.00	19,000.00	19,000.00	19,000.00	-	-	
Downpayment on Improvements	-	94,000.00	94,000.00	94,000.00	-	-	
Computer Equipment	16,000.00	16,000.00	16,000.00	10,806.00	5,000.00	194.00	
Total Capital Improvements	35,000.00	129,000.00	129,000.00	123,806.00	5,000.00	194.00	-
(D) Debt Service							
Payment of Bond Principal	190,000.00	190,000.00	190,000.00	190,000.00	-	-	-
Payment of Bond Anticipation Notes and Capital Notes	53,750.00	53,750.00	53,750.00	53,750.00	-	-	-
Interest on Bonds	20,000.00	20,000.00	20,000.00	19,237.50	-	-	762.50
Interest on Notes	15,000.00	15,000.00	15,000.00	7,845.64	-	-	7,154.36
Total Debt Service	278,750.00	278,750.00	278,750.00	270,833.14	-	-	7,916.86
(E) Deferred Charges							
Special Emergency Authorizations - 5 years	10,000.00	10,000.00	10,000.00	10,000.00	-	-	-
Total Deferred Charges	10,000.00	10,000.00	10,000.00	10,000.00	-	-	-
(N) Transferred to Board of Education for Use of Local Schools (NJSA 40:48-17.1 & 17.3)	18,822.00	18,822.00	18,822.00	18,822.00	-	-	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	1,443,713.88	1,613,838.26	1,613,838.26	1,593,227.40	5,000.00	7,694.00	7,916.86

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered Reserved	
SUBTOTAL GENERAL APPROPRIATIONS	6,833,899.88	7,004,024.26	6,618,714.17	213,357.89	7,916.86
(M) Reserve for Uncollected Taxes	237,072.61	237,072.61	237,072.61		
TOTAL GENERAL APPROPRIATIONS	<u>\$ 7,070,972.49</u>	<u>7,241,096.87</u>	<u>6,855,786.78</u>	<u>213,357.89</u>	<u>7,916.86</u>
Budget		7,070,972.49			7,916.86
Appropriations by 40A.4-87		76,124.38			-
Emergency Appropriations		94,000.00			
		<u>7,241,096.87</u>			<u>7,916.86</u>
Reserve for Uncollected Taxes			237,072.61		Cancelled
Special Emergency - Master Plan			10,000.00		Overexpended
Federal and State Grants			1,169,766.26		
Deferred Charges			-		
Disbursements			<u>5,604,981.55</u>		
			7,021,820.42		
Less Appropriation Refunds			<u>(166,033.64)</u>		
			<u>6,855,786.78</u>		

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EXHIBIT B - TRUST FUND

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

	2022	2021
ASSETS		
Animal Control Fund:		
Cash	\$ 195.60	260.20
	195.60	260.20
Other Funds:		
Cash - Treasurer	301,790.67	287,125.04
Cash - Collector	730,131.07	753,268.82
Due from Federal and State Grant Fund	69,990.87	69,990.87
	1,101,912.61	1,110,384.73
	1,102,108.21	1,110,644.93
 LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Reserve for Expenditures	195.60	260.20
	195.60	260.20
Other Funds:		
Reserve for Program Loan Repayment	158,663.10	158,663.10
Reserves - Miscellaneous	943,249.51	951,721.63
	1,101,912.61	1,110,384.73
	\$ 1,102,108.21	1,110,644.93

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>2022</u>	<u>2021</u>
Cash	\$ 14,324.53	80,238.04
Due from State of New Jersey - Federal and State Grants	788,546.25	218,546.25
Deferred Charges to Future Taxation -		
Funded	760,000.00	950,000.00
Unfunded	2,926,500.00	814,250.00
	<u>4,489,370.78</u>	<u>2,063,034.29</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	2,195,690.36	288,719.20
Bond Anticipation Notes Payable	860,500.00	724,250.00
Serial Bonds Payable	760,000.00	950,000.00
Improvement Authorizations:		
Funded	1,623.40	30,829.27
Unfunded	653,565.95	50,244.75
Capital Improvement Fund	9,001.60	10,001.60
Fund Balance	8,989.47	8,989.47
	<u>\$ 4,489,370.78</u>	<u>2,063,034.29</u>

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

2021	90,000.00
2022	2,066,000.00

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

	<u>2022</u>	<u>2021</u>
Beginning Balance January 1	\$ 8,989.47	5,011.79
Increased by:		
Premium on Sale of Bond Anticipation Notes	<u>-</u>	<u>3,977.68</u>
Ending Balance December 31	<u>\$ 8,989.47</u>	<u>8,989.47</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,**

	2022	2021
<u>ASSETS</u>		
Operating Fund:		
Cash - Treasurer	\$ 638,994.30	525,239.30
Change Fund	200.00	200.00
Due from State-NJDOT Reimbursement	2,204.31	2,448.08
	641,398.61	527,887.38
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	36,006.44	179,908.45
Water and Sewer Utility Liens	8,931.21	14,127.40
	44,937.65	194,035.85
Total of Operating Fund	\$ 686,336.26	721,923.23

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

	2022	2021
Capital Fund:		
Cash	\$ 1,185,125.12	801,305.01
Fixed Capital - Sewer	13,012,043.44	13,012,043.44
Fixed Capital - Water	16,403,469.36	16,403,469.36
Fixed Capital - Authorized & Uncomp.	15,644.00	15,644.00
Total of Capital Fund	30,616,281.92	30,232,461.81
	31,302,618.18	30,954,385.04
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	48,283.99	31,843.80
Reserve for Encumbrances	47,950.80	66,899.41
Accounts Payable	-	20,855.68
Accrued Interest on Bonds	90,724.12	95,103.86
Utility Rent Overpayments	3,941.14	3,285.60
Due to State of New Jersey - Utility Assistance Payments	2,119.16	-
Payments Received in Advance Utility Rents	184,119.98	150,389.30
Fire Receipts	2,831.30	-
Reserve to Pay Debt	-	6,302.96
	379,970.49	374,680.61
Reserve for Receivables	44,937.65	194,035.85
Fund Balance	261,428.12	153,206.77
Total of Operating Fund	\$ 686,336.26	721,923.23

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,**

	2022	2021
Capital Fund:		
Bond Anticipation Notes	\$ 540,500.00	547,750.00
Serial Bonds-Water and Sewer Improvement Authorizations	13,909,067.69	14,478,348.25
Unfunded	15,644.00	15,644.00
Reserves for:		
Amortization - Water	9,429,606.69	9,134,802.40
Amortization - Sewer	5,395,482.84	5,121,006.57
Amortization - Deferred	31,500.00	24,250.00
Water Quality Act Improvements	1,293,255.78	901,185.67
Fund Balance	1,224.92	9,474.92
 Total of Capital Fund	 30,616,281.92	 30,232,461.81
 Total Liabilities, Reserves and Fund Balance	 \$ 31,302,618.18	 30,954,385.04

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

2021	125,000.00
2022	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,**

	2022	2021
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 132,697.04	100,000.00
Rents	2,099,179.64	1,930,632.30
Miscellaneous Revenue Anticipated	73,250.22	51,812.56
Fire Hydrant Service	30,000.00	30,000.00
Reserve for Debt Service	6,302.96	23,168.00
Utility Capital Fund Balance	8,250.00	-
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	17,450.06	27,255.25
Cancellation of Prior Year Liabilities	30.00	20.00
Refund of Prior Year Expenditures	-	3,023.92
	2,367,159.92	2,165,912.03
<u>Expenditures</u>		
Operating	1,118,000.00	1,017,918.00
Debt Service	985,241.53	984,042.23
Deferred Charges and Statutory Expenditures	23,000.00	21,000.00
	2,126,241.53	2,022,960.23
Excess in Revenue	240,918.39	142,951.80
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	240,918.39	142,951.80
Fund Balance January 1	153,206.77	110,254.97
Decreased by:		
Utilization as Anticipated Revenue	132,697.04	100,000.00
Fund Balance December 31	\$ 261,428.12	153,206.77

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>2022</u>	<u>2021</u>
Balance Beginning of Year	\$ 9,474.92	6,466.60
Increased by:		
Premium on Sale of Bonds Anticipation Notes	-	3,008.32
Decreased by:		
Appropriated as Revenue in the Utility Operating Fund	8,250.00	-
Balance End of Year	<u>\$ 1,224.92</u>	<u>9,474.92</u>

**WATER AND SEWER OPERATING FUND
STATEMENT OF REVENUES
REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 132,697.04	132,697.04	-
Water and Sewer Rents	1,900,000.00	2,099,179.64	199,179.64
Miscellaneous	50,000.00	73,250.22	23,250.22
Fire Hydrant Services	30,000.00	30,000.00	-
Reserve to Pay Debt	6,302.96	6,302.96	-
Utility Capital Fund Balance	8,250.00	8,250.00	-
	<u>\$ 2,127,250.00</u>	<u>2,349,679.86</u>	<u>222,429.86</u>

Analysis of Realized RevenueRents

Consumer Accounts Receivable	2,489,648.41
Tax Title Liens	1,711.34
Overpayment Adjustment	(110.00)
Due to Utility Capital - Water Quality Act Capital Fee	<u>(392,070.11)</u>
Total Collections	<u>2,099,179.64</u>

Miscellaneous

Interest and Penalties	31,872.69
Water Tap Fee	4,400.00
Sewer Tap Fee	6,400.00
Interest on Investments	1,525.32
Fire	29,052.21
Miscellaneous Other	<u>-</u>
Revenue Realized	73,250.22
Apply Prepaid Fire Receipts	<u>-</u>
Total Miscellaneous Revenue Realized	<u>\$ 73,250.22</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, 2022

	Appropriations		Expended			(Over expended)
	Budget	Budget After Modifications	Paid or Charged	Encumbered	Reserved	Unexpended Balance Cancelled
OPERATING						
Salaries and Wages	\$ 260,000.00	275,000.00	273,382.80		1,617.20	
Other Expenses	380,000.00	363,000.00	324,093.10	37,915.80	991.10	
Engineering Fees	45,000.00	45,000.00	25,288.50	9,300.00	10,411.50	
Legal Fees	45,000.00	45,000.00	26,045.50	735.00	18,219.50	
Atlantic County Sewerage Authority - Contractual	390,000.00	390,000.00	373,656.94		16,343.06	
	<u>1,120,000.00</u>	<u>1,118,000.00</u>	<u>1,022,466.84</u>	<u>47,950.80</u>	<u>47,582.36</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	570,000.00	570,000.00	569,280.56	-		719.44
Payment of Bond Anticipation Notes and Capital Notes	7,250.00	7,250.00	7,250.00	-		-
Interest on Bonds	403,000.00	403,000.00	402,856.87	-		143.13
Interest on Notes	6,000.00	6,000.00	5,854.10	-		145.90
	<u>986,250.00</u>	<u>986,250.00</u>	<u>985,241.53</u>	<u>-</u>	<u>-</u>	<u>1,008.47</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	20,000.00	22,000.00	21,298.37	-	701.63	
Unemployment Compensation Insurance	1,000.00	1,000.00	1,000.00	-	-	
Deferred Charges:						
None	-	-	-	-	-	-
	<u>21,000.00</u>	<u>23,000.00</u>	<u>22,298.37</u>	<u>-</u>	<u>701.63</u>	<u>-</u>
	<u>\$ 2,127,250.00</u>	<u>2,127,250.00</u>	<u>2,030,006.74</u>	<u>47,950.80</u>	<u>48,283.99</u>	<u>1,008.47</u>
Adopted Budget		2,127,250.00				
Emergency Appropriation		-				
		<u>2,127,250.00</u>				
Interest on Bonds and Notes			408,710.97			
Appropriation Refunds			(21,960.11)			
Disbursed			<u>1,643,255.88</u>			
			<u>2,030,006.74</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>2022</u>	<u>2021</u>
General Fixed Assets:		
Buildings	\$ 1,248,177.11	1,248,177.11
Improvements Other than Buildings	561,682.50	561,682.50
Equipment	276,017.22	667,454.22
Vehicles	2,055,621.50	1,626,863.81
Furniture	<u>4,832.00</u>	<u>4,832.00</u>
Total General Fixed Assets	<u><u>4,146,330.33</u></u>	<u><u>4,109,009.64</u></u>
Investment in General Fixed Assets	<u><u>\$ 4,146,330.33</u></u>	<u><u>4,109,009.64</u></u>

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NOTES TO FINANCIAL STATEMENTS

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NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021.

	Balance 12/31/2021	Additions/ Transfers	Disposals/ Transfers	Balance 12/31/2022
Buildings	\$ 1,248,177.11			1,248,177.11
Improvements	561,682.50			561,682.50
Equipment	667,454.22	30,175.00	421,612.00	276,017.22
Furniture	4,832.00			4,832.00
Vehicles	1,626,863.81	428,757.69		2,055,621.50
	<u>\$ 4,109,009.64</u>	<u>458,932.69</u>	<u>421,612.00</u>	<u>4,146,330.33</u>

	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>

The following schedule is a summarization of the changes in utility capital fixed assets for the calendar years ended December 31, 2022 and 2021. Under the New Jersey Regulatory Basis of Accounting no depreciation is taken on these assets.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	Balance 12/31/2021	Additions	Adjustments/ Disposals	Balance 12/31/2022
Sewer Assets	\$ 13,012,043.44			13,012,043.44
Water Assets	16,403,469.36			16,403,469.36
Authorized Assets				
Sewer	15,644.00			15,644.00
	<u>\$ 29,431,156.80</u>	<u>-</u>	<u>-</u>	<u>29,431,156.80</u>

	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>

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 2022 and 2021 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 \$27,083.14 in 2022 and \$43,362.50 in 2021. 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 \$408,710.97 in 2022 and \$426,257.16 in 2021. 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, 2022 AND 2021

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 May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement, which is effective for fiscal periods beginning after December 31, 2022, 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.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62)". This statement, which is effective for fiscal years beginning after June 15, 2023, may have an effect on the City's financial reporting.

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

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 2022 and 2021 statutory budgets included a reserve for uncollected taxes in the amount of \$237,072.61 and \$263,507.46. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2022 and 2021 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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

can be made in the form of a resolution and approved by City Council. The following significant budget transfers were approved in the 2022 and 2021 calendar years:

	<u>2022</u>	<u>2021</u>
Police		
Salaries & Wages	\$ (127,300.00)	(38,500.00)
Other Expenses	75,000.00	-
Financial Administration		
Other Expenses	14,500.00	-
Legal Services and Costs		
Other Expenses	-	25,000.00
Engineering		
Other Expenses	-	55,000.00
Public Buildings and Grounds		
Other Expenses	14,000.00	-
Public Works		
Other Expenses -		
Vehicle Maintenance	65,000.00	-
Parks and Playgrounds		
Other Miscellaneous Expense	18,500.00	-
Insurance:		
Group Insurance for Employees	(65,000.00)	(36,150.00)
Liability Insurance	(12,500.00)	-
Worker's Compensation	(12,500.00)	--
Municipal Court		
Salaries & Wages	-	(44,000.00)
Street Lighting	14,000.00	

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 2022 and 2021 calendar years, City Council approved the following budget insertions:

	<u>2022</u>	<u>2021</u>
Bulletproof Vest Partnership Grant	\$ -	1,060.33
DMHAS Municipal Alliance Grant	3,124.38	-
American Rescue Plan-Firefighter Assistance	43,000.00	-
American Recovery Plan - 2021 Coronavirus		
Local Fiscal Recovery Funds	-	25,000.00
NJ Board of Public Utilities -		
Community Energy Planning Grant	25,000.00	-
DCA Neighborhood Preservation Program-		
NPP COVID-19 Relief and Recovery	-	125,000.00
Sustainable Jersey Small Cities Program	5,000.00	5,000.00
	<u>\$ 76,124.38</u>	<u>156,060.33</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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 calendar year, however a \$94,000 emergency appropriation was approved during 2022 to fund down payments on improvements.

Note 3: INVESTMENTS

As of December 31, 2022 and 2021, the municipality had investments totaling \$100,000.00 and \$0.00.

During the period ended December 31, 2022, the City held investments in Bond Anticipation Notes of the City in the amount of \$100,000.00. This investment represents 100% of the City's investments. Interest is charged at 0.00% per annum. The fair value measurement of this investment falls within the Level 3 hierarchy level, indicating there is a measurable input for the asset or liability. There has been no change in valuation technique or related inputs.

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, 2022 and 2021, \$0 of the municipality's bank balance of \$5,191,594.37 and \$4,444,198.50 was exposed to custodial credit risk.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022	Due in One Year
General	\$ 950,000.00		190,000.00	760,000.00	190,000.00
Water and Sewer Utility	14,478,348.25		569,280.55	13,909,067.70	583,110.79
Compensated Absences	326,628.81	53,990.56		380,619.37	11,012.60
Total	15,754,977.06	53,990.56	759,280.55	15,049,687.07	784,123.39

	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

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, 2022 was \$760,000.00.

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, 2022 was \$485,000.00.

\$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, 2022 was \$4,080,290.18.

\$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, 2022 was \$4,625,000.00.

\$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, 2022 was \$1,175,000.00.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

\$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, 2022 was \$3,543,777.51.

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

Year	General Capital		Utility Capital	
	Principal	Interest	Principal	Interest
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			514,318.22	326,090.78
2028-2032			2,542,817.09	1,424,071.66
2033-2037			2,267,703.82	1,092,516.18
2038-2042			2,676,781.50	690,438.50
2043-2047			1,721,729.89	313,890.11
2048-2052			1,386,367.41	135,175.39
2053-2056			503,048.68	22,771.42
	<u>\$ 760,000.00</u>	<u>34,200.00</u>	<u>13,909,067.69</u>	<u>5,469,776.46</u>

As of December 31, 2022, 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, 2022 AND 2021**

Summary of Municipal Debt

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
Issued			
General-Bonds and Notes	\$ 1,620,500.00	1,674,250.00	1,918,000.00
Water & Sewer Utility - Bonds and Notes	<u>14,449,567.69</u>	<u>15,026,098.25</u>	<u>15,583,883.32</u>
Total Issued	<u>16,070,067.69</u>	<u>16,700,348.25</u>	<u>17,501,883.32</u>
Authorized But Not Issued			
General – Bonds and Notes	2,066,000.00	90,000.00	0.00
Water & Sewer Utility – Bonds and Notes	125,000.00	125,000.00	125,000.00
Total Authorized But Not Issued	<u>2,191,000.00</u>	<u>215,000.00</u>	<u>125,000.00</u>
Total	<u>\$ 18,261,067.69</u>	<u>16,915,348.25</u>	<u>17,626,883.32</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 1.587%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 5,715,000.00	5,715,000.00	-
Regional High School District Debt	1,867,082.00	1,867,082.00	-
Water & Sewer Utility Debt	14,574,567.69	14,574,567.69	-
General Debt	3,686,500.00	-	3,686,500.00
	<u>\$ 25,843,149.69</u>	<u>22,156,649.69</u>	<u>3,686,500.00</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 \$3,686,500.00 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$232,314,954.67=1.587%.

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)	\$ 8,131,023.41
Net Debt	<u>3,686,500.00</u>
Remaining Borrowing Power	<u>\$ 4,444,523.41</u>

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Note 6: SHORT TERM OBLIGATIONS

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022
General Capital Notes	\$ 724,250.00	190,000.00	53,750.00	860,500.00
Utility Capital Notes	547,750.00		7,250.00	540,500.00
Special Emergency Notes	50,000.00		10,000.00	40,000.00
	<u>\$ 1,322,000.00</u>	<u>190,000.00</u>	<u>71,000.00</u>	<u>1,441,000.00</u>

	Balance 12/31/2020	Additions	Reductions	Balance 12/31/2021
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	40,000.00	50,000.00	40,000.00	50,000.00
	<u>\$ 1,373,000.00</u>	<u>50,000.00</u>	<u>101,000.00</u>	<u>1,322,000.00</u>

At December 31, 2022 the City had outstanding the following special emergency and bond anticipation notes:

	Amount	Issue Date	Maturity Date	Interest Rate
Current Operating Fund:				
Special Emergency	40,000.00	12/5/2022	12/4/2023	2.75%
General Capital:				
Pennsville National Bank	760,500.00	3/29/2022	3/28/2023	1.10%
Egg Harbor City	100,000.00	12/01/2022	12/01/2022	0.00%
Water & Sewer Capital:				
Pennsville National Bank	540,500.00	3/29/2022	3/28/2023	1.1%
Total Special Emergency And Bond Anticipation Notes	<u>1,441,000.00</u>			

Upon maturity of the general and utility capital notes, the City borrowed \$1,335,000 in a new bond anticipation note, after a \$66,000 paydown. This note also includes an additional \$100,000 to fund projects authorized through Ordinance 13-2022. The note, which is held by the City of Egg Harbor City, will mature on June 30, 2023, and bears interest at 3.50% per annum. This note is subject to redemption prior to maturity, in whole or in part, at the option of the City, on any date, at a redemption price equal to 100% of the principal amount of the Note to be redeemed.

Note 7: LEASE OBLIGATIONS

During the year ended December 31, 2022, 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Future minimum payments under this lease are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 3,348.00
2024	3,348.00
2025	3,348.00
2026	1,953.00
2027	-
Total	<u>\$ 11,997.00</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. The final payment on this lease was made in February 2023.

Also, effective August 2022, the City entered into an agreement for the lease of three (3) police vehicles. The term of the lease is 48 months. Annual payments in the amount of \$37,669.69 are due on August 17 of each year and include interest at 3.20% per annum.

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

<u>Year</u>	<u>Amount</u>
2023	38,149.69
2024	37,669.69
2025	37,669.69
Total Minimum Lease Payments	113,489.07
Less: Amount Representing Interest	6,864.57
Present Value of Net Minimum Lease Payments	<u>\$ 106,624.50</u>

Rental expenses charged to operations in 2022 and 2021 were \$43,897.69 and \$5,451.00, respectively.

Note 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2022 and 2021 which are anticipated to be appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2023 and 2022 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	2022	\$ 1,489,355.43	309,000.00	20.75%
	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%
Water & Sewer Utility Fund	2022	261,428.12	-	0.00%
	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%

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 2023 budget is \$1,355,355.43 for the current fund and \$261,428.12 for the utility fund.

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, 2022, the following deferred charges are shown on the balance sheets of the various funds:

	Balance 12/31/2022	2023 Budget Appropriation	Balance to Succeeding Budgets
Current Fund:			
Special Emergency			
NJSA 40A:4-55	\$ 40,000.00	10,000.00	30,000.00
Total Current Fund	\$ 40,000.00	10,000.00	30,000.00

The appropriations in the 2022 Budget are not less than that required by statute.

Note 10: SCHOOL TAXES

Local District School Taxes in the amounts of \$3,465,395.00 and \$3,236,755.00 have been raised for the 2022 and 2021 calendar years and remitted to the local school district. Regional High School Tax in the amounts of \$1,567,056.00 and \$1,433,762.00 have been raised for the 2022 and 2021 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	Balance
	12/31/2022	12/31/2021
Balance of Tax	\$ 551,733.07	497,491.37
Deferred	485,108.00	485,108.00
Tax Payable	\$ 66,625.07	12,383.37

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 12/31/2022	Balance 12/31/2021
Prepaid Taxes	\$ 103,555.35	160,163.76
Cash Liability for Taxes Collected in Advance	103,555.35	160,163.76

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NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

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 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 18.09% of covered payroll. The City's contributions to PERS for the years ended December 31, 2022, 2021, and 2020 were \$124,723.28, \$126,413.00, and \$120,186.00.

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 10.0% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate. The current PFRS rate is 31.92% of covered payroll. The City's contributions to PFRS for the years ended December 31, 2022, 2021, and 2020 were \$318,976.67, \$340,567.00, and \$303,306.00.

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

The total payroll for the year ended December 31, 2022, 2021, and 2020 was \$2,435,955.77, \$2,399,271.61, and \$2,337,344.37. Payroll covered by PERS was \$689,288.00, \$681,881.00, and \$721,904.00. Covered payroll by PFRS was \$999,439.00, \$986,383.00, and \$950,470.00.

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.

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 PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

Chapter 92, P.L. 2007 implemented certain recommendations contained in the December 1, 2006 report of the Joint Legislative Committee on Public Employee Benefits Reform; established a DCRP for elected and certain appointed officials, effective July 1, 2007; the new pension loan interest rate became 4.69% per year, and an \$8.00 processing fee per loan was charged, effective January 1, 2008. The legislation also removed language from existing law that permits the State Treasurer to reduce employer pension contributions needed to fund the Funds and Systems when excess assets are available.

Note 13: PENSION LIABILITIES

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

The following represents the City's pension liabilities as June 30, 2021:

Public Employees' Retirement System

The City has a liability of \$1,192,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City's proportion would be 0.01095215030%, which would be a decrease of 00071263490% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City would have recognized pension expense of \$(244,207). At December 31, 2021, the City 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	\$ 18,807	\$ (8,537)
Changes of assumptions	6,210	(424,528)
Changes in proportion	26,808	(271,662)
Net difference between projected and actual earnings on pension plan investments		(314,129)
Total	\$ 51,825	\$ (1,018,856)

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:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Year ended
June 30,

2022	\$	(376,771)
2023		(269,014)
2024		(183,421)
2025		(137,878)
2026		53
Total	\$	(967,031)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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

The following presents the City's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 1,459,585	\$ 1,192,473	\$ 966,079

Pension plan fiduciary net position.

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Police and Firemen’s Retirement System

The City has a liability of \$1,904,238 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2020 that was rolled forward to June 30, 2021. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the City’s proportion would be 0.02605279260%, which would be a decrease of 10.66% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the City would have recognized pension expense of \$(407,441). At December 31, 2021, the City would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 21,725	\$ (228,108)
Changes of assumptions	10,133	(570,691)
Changes in proportion	100,141	(812,755)
Net difference between projected and actual earnings on pension plan investments		(811,458)
Total	\$ 131,999	\$ (2,423,012)

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,	
2022	\$ (733,441)
2023	(550,552)
2024	(472,413)
2025	(465,856)
2026	(58,762)
Thereafter	(9,989)
Total	\$ (2,291,013)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following assumptions, applied to all periods in the measurement:

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

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

Employee 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. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real estate	8.00%	9.15%
Real assets	3.00%	7.40%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 on 100% 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

Sensitivity of the City'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, 2021, 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%)
City's proportionate share of the net pension liability	2,690,933.30	1,904,238.00	1,249,387.16

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, 2021 State special funding situation net pension liability amount of \$2,036,258.082.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2021 State special funding situation pension expense of \$228,944,734.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2021. 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 2021, 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 City was 0.02605279260% for 2021. The net pension liability amount allocated to the City was \$535,567. For the fiscal year ending June 30, 2021 State special funding situation pension expense of \$59,646 is allocated to the City.

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) Annual Comprehensive Financial Report (ACFR), which can be found at:

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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.

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 Municipality 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, 2021 were \$3,872,142,278 and \$14,177,910,609, 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, 2020 through June 30, 2021. Employer and non-employer allocation percentages have been rounded for presentation purposes.

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.

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, 2021 is as follows:

	June 30, 2021	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,050,052,887	\$ 5,301,301
Plan Fiduciary Net Position	50,271,652	14,765
Net OPEB Liability	\$ 17,999,781,235	\$ 5,286,536
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.28%

At June 30, 2021 the City's proportionate share of the Collective Net OPEB Liability was \$5,286,536. The State's proportionate share for the Special Funding Situation that is associated with the City is \$475,256. The City's proportion of the Collective Net OPEB Liability was 0.029370% which was an increase from the prior year of 70.01%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.012308% which was a decrease from the prior year of 82.41%.

City's Proportionate Share of Collective Net OPEB Liability	\$	5,286,536
State's proportionate share that is associated with the City		475,256
Total	\$	5,761,792

For the Year ended June 30, 2021 the City's Total OPEB Expense was \$234,243 and the State of New Jersey realized Total OPEB Expense in the amount of -\$64,850 for its proportionate share of Total OPEB Expense that is associated with the City.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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%

Mortality:

PERS: Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

PFRS: Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021

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

Actuarial assumptions used in the July 1, 2020 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.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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, 2021, 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:

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

		1% Decrease (1.16%)		Discount Rate (2.16%)		1% Increase (3.16%)
Collective						
Net OPEB Liability	\$	21,182,289,882	\$	17,999,781,235	\$	15,447,574,697
Proportionate Share						
Net OPEB Liability	\$	6,221,239	\$	5,286,536	\$	4,536,953

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

The following presents the net OPEB liability as of June 30, 2021, calculated using the healthcare trend rate as disclosed above as well as what the net OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

		1% Decrease		Healthcare Cost Trend Rate		1% Increase
Collective						
Net OPEB Liability	\$	15,017,879,689	\$	17,999,781,235	\$	21,890,793,528
Proportionate Share						
Net OPEB Liability	\$	4,410,751	\$	5,286,536	\$	6,429,326

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

At June 30, 2021, 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	\$ 403,893,589	\$ (3,765,820,027)	\$ 2,528	\$ (1,106,021)
Changes of assumptions	2,589,322,345	(3,181,672,721)	760,484	(934,457)
Net difference between projected and actual earnings on OPEB plan investments	8,606,416		118,624	
Changes in proportion and differences between contributions and proportionate share of contributions	5,534,468,995	(5,534,468,995)	2,365,476	(843,706)
Total	\$ 8,536,291,345	\$ (12,481,961,743)	\$ 3,247,112	\$ (2,884,184)

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NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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	\$ (1,074,753,405)	\$ 98,857
2022	(1,076,167,210)	98,987
2023	(1,077,459,075)	99,106
2024	(769,416,743)	70,772
2025	(129,344,414)	11,897
Thereafter	181,470,449	(16,692)
Total	\$ (3,945,670,398)	\$ 362,928

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, 2021 are as follows:

Service cost	\$ 846,075,674
Interest on Total OPEB Liability	413,837,061
Expected Investment Return	(2,381,937)
Administrative Expenses	11,334,383
Changes of Benefit Terms	2,029,119
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(703,565,089)
Changes in Assumptions	(375,284,907)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	4,971,262
Total Collective OPEB Expense	\$ <u>197,015,566</u>

Schedule of City's Share of Net OPEB Liability

	2021	2020	2019	2018
City's Proportionate Share of Net OPEB Liability	0.029370%	0.017275%	0.018778%	0.022209%
City's Share of Net OPEB Liability	\$ 5,286,536	3,100,277	2,543,681	3,479,399
City's Covered Payroll	681,881	721,904	761,451	828,749
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	775.29%	429.46%	334.06%	419.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	1.97%	1.97%	1.98%

NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

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.

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 \$380,619.37 in 2022 and \$326,628.81 in 2021. 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, 2022, and 2021, the total amount accumulated was \$19,379.99 and \$30,564.72, 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, 2022 and 2021 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 2022 or 2021. 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.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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
2022	\$ 6,000.00	47.34	4,650.46	8,567.34	47,104.36
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

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, 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, 2022 through December 31, 2024. 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.

Bargaining Unit	Job Category	Members
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

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 2022 and 2021 calendar years, the City paid \$42,521.74 and \$41,936.05, 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 2022 and 2021. 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 \$8,436.49 and \$8,428.06 on December 31, 2022 and 2021. 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. The City anticipates meeting the post closure requirements on a pay as you go basis. The \$8,436.49 certificate of deposit is restricted for post closure use.

Note 24: INTERFUND BALANCE

As of December 31, 2022, 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	38,024.74	
Grant Fund:		
Current Fund		38,024.74
Trust Fund		69,990.87
Trust Fund:		
Grant Fund	69,990.87	
	\$ 108,015.61	108,015.61

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.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

The sale was finalized on June 1, 2023. Utility bonds issued in 2014 and 2016 are not callable until 2024 and 2026, respectively, and funds have been set aside in an escrow fund to pay off this existing debt. All other debt issued through the United States Department of Agriculture, Rural Economic and Community Development will be paid off on July 8, 2023.

Other:

The City has evaluated subsequent events through June 30, 2023, 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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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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2023, 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

June 30, 2023



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& ASSOCIATES, L.L.C.

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

The Honorable Mayor and
Members of City Council
City of Egg Harbor City
County of Atlantic, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the City of Egg Harbor City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and NJ OMB 15-08 that could have a direct and material effect on each of Egg Harbor City's major federal and state programs for the year ended December 31, 2022. The City of Egg Harbor City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Egg Harbor City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

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

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

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

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

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

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

June 30, 2023

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	CFDA # or Pass-Through Grantor's #	Federal FAIN Number	Program or Award Amount	Balance Dec. 31, 2021	Receipts or Revenue Recognized	Disbursements/ Expenditures	Prior Year Encumbrances Reversed/ Adjustment	Balance Dec. 31, 2022
Federal:									
U.S. Department of Justice									
Bulletproof Vest Program	1/1/19-12/31/19	16.607	NA	5,253.31	-				-
Bulletproof Vest Program	1/1/2021-12/31/2021	16.607	NA	1,060.33	911.74				911.74
Total U.S. Department of Justice					911.74				911.74
US Department of the Treasury									
Coronavirus State and Local Fiscal Recovery Funds									
American Recovery Plan 2021	3/3/2021-12/31/2024	21.027		25,000.00	20,577.34		1,739.37		18,837.97
Local Fiscal Recovery Fund Tranche 1	3/3/2021-12/31/2024	21.027		212,058.49					-
American Rescue Plan Firefighter 2022	12/5/2022-12/31/2023	21.027		43,000.00		43,000.00			43,000.00
Total US Department of the Treasury					20,577.34	43,000.00	1,739.37		61,837.97
US House Transportation and Infrastructure Transportation Alternatives - Cedar Creek/Egg Harbor Lake Pedestrian Connection Project - Construction Phase	1/1/18-12/31/18	20.205		723,000.00	723,000.00				723,000.00
Connection Project - Design Modification #1	1/1/21-6/30/22	20.205		255,221.43					-
Total Federal Awards					723,000.00	43,000.00	1,739.37		723,000.00
					\$ 744,489.08	43,000.00	1,739.37		785,749.71

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2022**

Federal or State Grantor/Pass - Through Grantor/Program Title	Grant Period	Pass-Through Grantor's #	Program or Award Amount	Balance Dec. 31, 2021	Receipts or Revenue Recognized	Disbursements/ Expenditures	Adjustment	Balance Dec. 31, 2022	(Memo Only) Total Cumulative State Expenditures
State of New Jersey									
Department of Environmental Protection									
UCF Stewardship Grant - Reforestation	1/1/2022-12/31/2022	NA	30,000.00 \$	-	30,000.00	29,360.00	-	640.00	29,360.00
					30,000.00	29,360.00	-	640.00	
Solid Waste Administration									
Clean Communities Program	1/1/2021-12/31/2021	4900-765-178910-60	14,440.90	12,326.01	15,151.90	12,326.01	-	11,042.21	14,440.90
Clean Communities Program	1/1/2022-12/31/2022	4900-765-178910-60	15,151.90	0.00	15,151.90	4,109.69	0.00	0.00	4,109.69
Recycling Tonnage	1/1/18-12/31/18	4830-752-050580-50	3,773.00	5,981.10	5,445.39	3,516.49	2,464.61	2,464.61	3,773.00
Recycling Tonnage	1/1/19-12/31/19	4830-752-050580-50	6,203.00	5,445.39	5,445.39	5,445.39	5,445.39	5,445.39	3,738.39
Recycling Tonnage	1/1/2020-12/31/2020	4830-752-050580-50	5,445.39	5,637.21	6,401.05	5,637.21	5,637.21	5,637.21	-
Recycling Tonnage	1/1/2021-12/31/2021	4830-752-050580-50	6,401.05	5,000.00	6,401.05	6,401.05	6,401.05	6,401.05	-
Recycling Tonnage	1/1/2022-12/31/2022	4830-752-050580-50	5,000.00	34,389.71	21,552.95	19,952.19	-	5,000.00	-
Sustainable Jersey Small Grants Program	1/1/2021-12/31/2021	NA	5,000.00	34,389.71	21,552.95	19,952.19	-	35,990.47	-
Division of Law & Public Safety									
Body Armor Fund	1/1/2021-12/31/2021	NA	1,236.59	742.45	1,008.38	-	742.45	742.45	494.14
Body Armor Fund	1/1/2022-12/31/2022	NA	1,008.38	742.45	1,008.38	-	1,008.38	1,008.38	-
Division of Motor Vehicles									
Drunk Driving Enforcement Fund	1/1/17-12/31/17	1110-101-030000-129040	4,588.14	2,828.10	5,449.00	-	2,828.10	2,828.10	1,740.04
Drunk Driving Enforcement Fund	1/1/17-12/31/17	1110-101-030000-129040	5,449.00	5,449.00	5,449.00	-	5,449.00	5,449.00	-
Drunk Driving Enforcement Fund	1/1/21-12/31/21	1110-101-030000-129040	7,440.00	7,440.00	7,440.00	-	7,440.00	7,440.00	-
New Jersey Department of Transportation									
Reconstruction of Chicago Avenue-200/300 Blocks	1/1/19-12/31/19	6320-480-078-6320	290,000.00	24,755.00	290,000.00	24,755.00	0.00	290,000.00	290,000.00
Reconstruction of Various Locations	1/1/2020-12/31/2020	6320-480-078-6320	290,000.00	32,300.00	290,000.00	32,300.00	-	290,000.00	290,000.00
Reconstruction of Chicago Avenue-100/200 Blocks	1/1/2021-12/31/2021	6320-480-078-6320	285,000.00	285,000.00	285,000.00	-	-	285,000.00	285,000.00
Reconstruction of Washington Avenue 100-200 Blocks	1/1/2022-12/31/2022	6320-480-078-6320	285,000.00	285,000.00	285,000.00	-	-	285,000.00	285,000.00
Local Aid Infrastructure (Discretionary Aid) Program									
Resurfacing of Chicago Ave - 100-200 Blocks	1/1/2022-12/31/2022	6320-480-078-6320	120,000.00	120,000.00	120,000.00	-	-	120,000.00	120,000.00
Safe Streets to Transit Program									
Atlantic Avenue Transit Path Extension	1/1/18-12/31/18	480-078-6300-20-DLM-7310	250,000.00	4,108.75	4,108.75	-	-	250,000.00	250,000.00
2022 Safe Streets to Transit Program									
Transit Path Extension - Phase III	1/1/2022-12/31/2022	480-078-6300-20-DLM-7310	600,000.00	346,163.75	1,005,000.00	751,163.75	600,000.00	600,000.00	-
New Jersey Board of Public Utilities									
Clean Energy - Community Energy Grant	6/1/2022-11/30/2023	NA	25,000.00	-	25,000.00	-	-	25,000.00	-
Department of Community Affairs									
Neighborhood Preservation Program-Year 1	7/1/19-12/31/22	NA	125,000.00	507.02	125,000.00	97,619.46	507.02	507.02	124,492.98
Neighborhood Preservation Program-Year 2	7/1/21-12/31/22	NA	125,000.00	103,775.02	25,000.00	97,619.46	6,155.56	6,155.56	118,844.44
Neighborhood Preservation Program-Year 3	7/1/22-12/31/23	NA	23,000.00	-	25,000.00	-	25,000.00	25,000.00	-
Total State Assistance				104,282.04	25,000.00	97,619.46	-	31,662.58	-
				501,295.05	1,107,561.33	898,095.40	-	710,760.98	-
			\$	1,245,784.13	1,150,561.33	899,834.77	-	1,496,510.69	-
Total Federal Awards and State Financial Assistance									

**NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2022**

Note 1: General

The accompanying schedule of federal awards and state financial assistance includes the federal and state grant activity of Egg Harbor City, State of New Jersey and is presented on the basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a comprehensive basis of accounting other than generally accepted accounting principles. Encumbrances are considered in determining single audit threshold on major programs. The City has elected not to use the 10% de minimis indirect cost rate.

Note 2: Relationship to General Purpose Financial Statements

Amounts reported in the accompanying schedule agree with amounts reported in the City's financial statements. Receipts from Federal and State grants are realized as revenue when anticipated in the City's budget. Expenditures are recognized when they become payable. Financial assistance revenue and expenditures are reported in the City's financial statements on the basis of accounting prescribed by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. Following is a reconciliation of expenditures:

Expenditures per Schedule of Federal and State Awards	\$ 902,390.06
Encumbrances, net	326,862.25
Charged to General Capital	(598,863.75)
Less: American Recovery Funds	-
Plus: Local Grants	27,321.11
Expenditures reported on Schedule A-12	<u>\$ 657,709.67</u>

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**EGG HARBOR CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022**

Part I -- Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Adverse - GAAP unmodified regulatory basis
- B) Internal control over financial reporting:
- 1) Material weakness(es) identified? _____ yes X no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X no
- C) Noncompliance material to general-purpose financial statements noted? _____ yes X no

Federal Awards Section

NOT APPLICABLE

- D) Dollar threshold used to determine Type A programs: _____
- E) Auditee qualified as low-risk auditee? _____ yes _____ no _____ n/a
- F) Type of auditor's report on compliance for major programs _____
- G) Internal Control over compliance:
- 1) Material weakness(es) identified? _____ yes _____ no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes _____ no
- H) Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance _____ yes _____ no
- I) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>

Part 2 - Schedule of Financial Statement Findings

NONE

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2021	\$	1,994,157.91
Increased by Receipts:		
Tax Collector		10,928,899.99
Revenue Accounts Receivable		1,074,669.58
Miscellaneous Revenue		147,366.93
Lake Security Deposits		150.00
Appropriation Refunds		166,033.64
Petty Cash		200.00
Special Emergency Note		40,000.00
State of New Jersey		
Senior Citizens and Veterans		26,725.34
Homestead Benefit		155,834.44
Marriage License Fees		275.00
Burial Permit Fees		5.00
DCA Training Fees		3,933.00
Reserve for Municipal Relief Aid		24,697.56
Amounts Due From		
General Capital		908,250.00
Utility Operating		5,462.28
Utility Capital		547,750.00
Animal Control Fund		689.60
Unemployment Trust Fund		8,567.34
Other Trusts		28,898.66
Cemetery Fund		1,665.18
Grant Fund		
Current year Grants Receivable		350,871.49
Unappropriated Reserves		3,743.26
		<u>14,424,688.29</u>
		16,418,846.20

**CURRENT FUND
 SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Decreased by Disbursements:		
Current Year Appropriation	5,604,981.55	
Appropriations Reserves	124,606.02	
Accounts Payable	7,220.00	
County Taxes	1,244,846.11	
Local District School Tax	3,465,396.00	
Regional High School Tax	1,512,814.30	
Refund Overpayments	12,509.33	
Special Emergency Note	50,000.00	
Lake Security Deposits	150.00	
Reserve for Master Plan	3,450.00	
Petty Cash	200.00	
State of New Jersey		
Marriage License Fees	450.00	
DCA Training Fees	5,952.00	
Amounts Due To		
Animal Control Trust	689.60	
Grant Fund	657,709.67	
Other Trust Funds	61,805.64	
Unemployment Trust	8,567.34	
General Capital	908,250.00	
Utility Operating	5,462.28	
Utility Capital	547,750.00	
Cemetery Fund	1,665.18	
		<u>14,224,475.02</u>
Balance December 31, 2022	\$	<u><u>2,194,371.18</u></u>

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

Balance December 31, 2021		\$	-
Increased by Receipts:			
Prepaid Taxes	103,555.35		
Taxes Receivable	10,480,972.99		
Revenue Accounts Receivable	226,844.48		
Tax Title and Other Liens	112,148.80		
Miscellaneous Revenue Not Anticipated	<u>5,378.37</u>		
			<u>10,928,899.99</u>
			10,928,899.99
Payments to Treasurer			<u>10,928,899.99</u>
Balance December 31, 2022		\$	<u><u>-</u></u>

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

Balance December 31, 2021		\$ 859,351.70
Increased by:		
Transfers from Taxes Receivable	88,330.41	
Transfer from PILOTS	5,202.16	
Interest and Costs Accrued by Sale of December 14, 2022	1,470.94	
Collector Adjustments	<u>6,019.51</u>	
		<u>101,023.02</u>
		960,374.72
Decreased by:		
Collections	112,148.80	
Transfer to Foreclosed Property	<u>89,371.62</u>	
		<u>201,520.42</u>
Balance December 31, 2022		\$ <u><u>758,854.30</u></u>

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2021	Accrued in 2022	Collected by		Balance Dec. 31, 2022
			Collector	Treasurer	
Tax Collector:					
Interest and Costs on Taxes	\$	96,474.48	96,474.48		
Lake Parking Fees		130,370.00	130,370.00		
Treasurer:					
Licenses:					
Alcoholic Beverage		39,287.76		39,287.76	
Other		46,408.00		46,408.00	
Construction Code Fees		72,099.00		72,099.00	
Interest Earned on Investments		2,930.37		2,930.37	
Energy Receipts Tax		473,461.00		473,461.00	
Coronavirus Local Fiscal Recovery Fund		146,000.00		146,000.00	
Rental Registration Fees		80,000.00		80,000.00	
Campground Royalty		17,518.51		17,518.51	
Rental of Municipal Property		31,750.00		31,750.00	
Payment in Lieu of Taxes		73,763.87		73,763.87	
Uniform Fire Safety Act		11,882.51		11,882.51	
Cemetery Contribution		15,000.00		15,000.00	
Conifer Pilot		64,568.56		64,568.56	
	\$	1,301,514.06	226,844.48	1,074,669.58	-

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT						
Administrative and Executive						
Salaries and Wages						
Municipal Clerk (Other)	537.48	537.48	-	-	537.48	
Other Expenses						
City Clerk	1,117.03	1,117.03	122.99		994.04	
Governing Body	984.46	984.46	229.69		754.77	
Financial Administration						
Salaries and Wages	426.45	426.45			426.45	
Other Expenses	1,850.31	3,350.31	2,835.01		515.30	
Assessment of Taxes						
Salaries and Wages	214.00	214.00			214.00	
Other Expenses	468.84	468.84			468.84	
Tax Collector						
Salaries and Wages	391.95	391.95			391.95	
Other Expenses:						
Tax Sale Costs	4,950.00	4,950.00	4,950.00		-	
Miscellaneous Other Expenses	673.00	3,673.00	1,563.52		2,109.48	
Legal Services and Costs						
Other Expenses	17,452.40	15,452.40	11,467.71		3,984.69	
Engineering Services and Costs						
Other Expenses	6,269.00	3,769.00	3,737.00	32.00	-	
Public Buildings and Grounds						
Other Expenses	9,471.22	13,471.22	6,134.09	6,900.00	437.13	
Municipal Land Use Law (NJSA 40:55D-1)						
Combined Planning & Zoning/Code Board						
Salaries and Wages	648.92	648.92			648.92	
Other Expenses	1,599.64	1,599.64			1,599.64	
Contractual-Engineering	9,500.00	9,500.00	5,320.00	4,180.00	-	
Economic Development						
Other Expenses	100.00	100.00	-	-	100.00	

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged		Balance Lapsed	Over- Expended
			Cash	Accounts Payable		
PUBLIC SAFETY						
Fire Prevention						
Other Expenses	325.97	325.97	-	-	325.97	
Right to Know Act/Safety Coordinator						
Other Expenses:						
Police	250.00	250.00	-	-	250.00	
Salaries and Wages						
Other Expenses:	54,527.73	39,527.73	9,476.06	-	30,051.67	
Miscellaneous Other Expenses						
Police Radio and Communications	38,452.25	53,452.25	1,162.24	26,000.00	26,290.01	
Other Expenses	34.44	34.44	-	-	34.44	
Municipal Court						
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	
Emergency Management Services						
Other Expenses	900.00	900.00	900.00	-	-	
PUBLIC WORKS						
Solid Waste Collection (Public Works)						
Salaries and Wages	17,825.47	325.47	-	-	325.47	
Other Expenses:						
Hauling Fee (Tipping and Hauling Fee)	52.97	52.97	-	-	52.97	
Miscellaneous Other Expenses	16,847.88	34,347.88	20,578.59	874.98	12,894.31	
Vehicle Maintenance	24,175.65	24,175.65	13,276.86	-	10,898.79	
Solid Waste Disposal Cost	10,564.01	10,564.01	2,394.00	-	8,170.01	
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	1,686.00	1,686.00	760.00	-	926.00	

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged		Accounts Payable	Balance Lapsed	Over- Expended
			Cash				
RECREATION AND EDUCATION							
Parks and Playgrounds		138.00		-	-	138.00	
Salaries and Wages	25.00	25.00		-	-	25.00	
Other Expenses:	9,068.08	9,068.08	8,567.38		500.00	0.70	
Lining of Kern Field							
Miscellaneous Other Expenses							
Anniversary or Holiday	1,151.00	1,151.00			-	1,151.00	
Other Expenses							
Youth Program							
Other Expenses							
Key Rec Youth Group							
INSURANCE							
Group Insurance Plans for Employees	12,967.70	12,967.70	232.79		-	12,734.91	
Firemen's Group Insurance Premiums	3,224.86	3,224.86	989.09		-	2,235.77	
Surety Bond Premiums	200.00	200.00			-	200.00	
Other Insurance Premiums:							
Health Benefits Waiver	41.67	41.67				41.67	
UNIFORM CONSTRUCTION CODE							
Construction Official							
Salaries and Wages	62.14	62.14			-	62.14	
Other Expenses	483.25	483.25	0.90		-	482.35	
UNCLASSIFIED							
Street Lighting	11,556.49	13,556.49	11,547.70		-	2,008.79	
Gasoline	7,776.27	5,776.27	2,837.51		-	2,938.76	
Electric	16,330.06	12,330.06	9,246.01		-	3,084.05	
Natural Gas	7,694.93	7,694.93	3,645.93		-	4,049.00	
Telephone	2,805.95	2,805.95	2,587.47		-	218.48	
Contingent	100.00	100.00			-	100.00	
Statutory Expenditures							
Contribution to:							
Social Security	1,226.29	1,226.29	43.48		-	1,182.81	
\$	298,338.76	298,338.76	124,606.02		38,486.98	135,245.76	-

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

Balance December 31, 2021	\$	-
Increased by:		
Levy - Calendar Year 2022		<u>3,465,395.00</u>
		3,465,395.00
Decreased by:		
Payments		<u>3,465,395.00</u>
Balance December 31, 2022	\$	<u><u>-</u></u>

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

Balance December 31, 2021			
School Tax Payable	\$	12,383.37	
School Tax Deferred		<u>485,108.00</u>	
			497,491.37
Increased by:			
Levy - School Year July 1, 2022 to June 30, 2023			<u>1,567,056.00</u>
			2,064,547.37
Decreased by:			
Payments			<u>1,512,814.30</u>
Balance December 31, 2022			
School Tax Payable		66,625.07	
School Tax Deferred		<u>485,108.00</u>	
			<u><u>551,733.07</u></u>
2022 Liability for Regional High School Tax			
Tax Paid			1,512,814.30
Tax Payable @ December 31, 2022			<u>66,625.07</u>
			1,579,439.37
Less: Tax Payable @ December 31, 2021			<u>12,383.37</u>
Amount Charged to 2022 Operations	\$		<u><u>1,567,056.00</u></u>

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

<u>Purpose</u>	Balance Dec. 31, 2021	Transferred From 2022 Revenues	Received	Adjustments/ (Canceled)	Balance Dec. 31, 2022
FEDERAL GRANTS:					
Transportation Alternatives					
Cedar Creek/Egg Harbor Lake Pedestrian Connection Project	\$ 723,000.00				723,000.00
Design Assistance - Bikeway	-				-
Design Assistance - Bikeway Mod #1	228,772.62		90,845.12		137,927.50
Bulletproof Vest	-				-
Neighborhood Preservation Program - NPP COVID-19 Relief and Recovery Program	-				-
US Department of the Treasury American Rescue Plan (ARP) Firefighter Grant	-	43,000.00			43,000.00
Total Federal	951,772.62	43,000.00	90,845.12	-	903,927.50
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		193,275.00		96,725.00
FY2021 Washington Avenue 100-200 Blocks		285,000.00		(285,000.00)	-
FY2022 Safe Streets to Transit		600,000.00			600,000.00
2022 Local Aid Infrastructure Grant - Chicago Avenue		120,000.00			120,000.00
NJ Department of Environmental Protection FY2021NJUCF Stewardship Grant		30,000.00			30,000.00
Clean Communities		15,151.90	15,151.90		-
Recycling Tonnage Grant		6,401.05	6,401.05		-
Body Armor		1,008.38	1,008.38		0.00
Drunk Driving Enforcement Fund					-
Sustainable Jersey Small Grants Program Resiliency Grant	7,500.00		7,500.00		-
Neighborhood Preservation Program - Year 1	1,357.95				1,357.95
Neighborhood Preservation Program - Year 2	12,500.00				12,500.00
Board of Public Utilities (BPU) Community Energy Planning Grant		25,000.00	25,000.00		-
Total State	596,357.95	1,082,561.33	248,336.33	(570,000.00)	860,582.95

See Accompanying Auditor's Report

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

<u>Purpose</u>	Balance Dec. 31, 2021	Transferred From 2022 Revenues	Received	Adjustments	Balance Dec. 31, 2022
Local Grants:					
Municipal Alliance-Drug Abuse Resistance Education	5,677.62			(5,677.62)	-
Fiscal Year 2020/2021	5,539.64		3,789.94		1,749.70
Fiscal Year 2021/2022		5,539.64	1,466.47		4,073.17
Fiscal Year 2022/2023		3,124.38			3,124.38
DMHAS Grant		4,156.00	3,933.63		222.37
Statewide Joint Insurance Fund Incentive Grant	-	5,000.00	2,500.00		2,500.00
Sustainable Communities Grant - 2022					
Total Local	<u>11,217.26</u>	<u>17,820.02</u>	<u>11,690.04</u>	<u>(5,677.62)</u>	<u>11,669.62</u>
	<u>\$ 1,559,347.83</u>	<u>1,143,381.35</u>	<u>350,871.49</u>	<u>(575,677.62)</u>	<u>1,776,180.07</u>
		Cash	350,871.49	(5,677.62)	
		Cancel by Resolution		(570,000.00)	
		Charge off to General Capital	<u>350,871.49</u>	<u>(575,677.62)</u>	

See Accompanying Auditor's Report

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

	Balance December 31, 2021		2022		Reverse	Encumbrances	Refunds/	Balance
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	Prior Year Encumbrances	Encumbrances	(Canceled)	Dec. 31, 2022
FEDERAL GRANTS:								
US Department of Justice	\$ 911.74							911.74
Bulleproof Vest Program								
Transportation Alternatives Program	723,000.00							723,000.00
Cedar Creek/Egg Harbor Lake Pedestrian Connection Project		210,870.40		85,975.57		124,894.83		(0.00)
Design Assistance - Bikeway								
Design Assistance - Bikeway (Mod #1)								
Department of Community Affairs								
Neighborhood Preservation Program - NPP COVID-19 Relief and Recovery Program				1,739.37				18,837.97
US Department of the Treasury	20,577.34		43,000.00					43,000.00
Coronavirus State and Local Fiscal Recovery Funds								
American Rescue Plan (ARP) Firefighters Grant								
Total Federal	744,489.08	210,870.40	43,000.00	87,714.94	-	124,894.83	-	785,749.71
STATE GRANTS:								
Department of Transportation								
Reconstruction of Chicago Avenue-100/200 Blocks	285,000.00						(285,000.00)	0.00
Various Locations	32,300.00	257,700.00		287,217.61		2,782.39		
FY2021 Washington Avenue 100-200 Blocks			285,000.00					
FY2022 Safe Streets to Transit			600,000.00					
2022 Local Aid Infrastructure Grant - Chicago Avenue			120,000.00	120,000.00				600,000.00
Department of Environmental Protection								
FY2021NJUCF Stewardship Grant			30,000.00	2,100.00		27,260.00		640.00
Body Armor Fund	742.45		1,008.38					1,750.83
Drunk Driving Enforcement Fund	15,717.10							15,717.10
Clean Communities Program	12,326.01	161.00	15,151.90	16,566.72		29.98		11,042.21
Recycling Tonnage Grant	17,063.70		6,401.05	3,516.49				19,948.26
Sustainable Jersey Small Grants Program-Resiliency Grant	5,000.00	10,000.00		10,000.00				5,000.00
Neighborhood Preservation Program - Year 1	507.02							507.02
Neighborhood Preservation Program - Year 2		3,098.05	25,000.00	103,272.80				3,600.27
Neighborhood Preservation Program - Year 3	103,775.02							25,000.00
Board of Public Utilities (BPU)								
Community Energy Planning Grant			25,000.00					25,000.00
Total State	472,431.30	270,959.05	1,107,561.33	542,673.62	-	30,072.37	(570,000.00)	708,205.69

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

	Balance December 31, 2021		2022		Reverse		Balance	
	Appropriated	Reserve for Encumbrances	Appropriations	Disbursed	Prior Year Encumbrances	Encumbrances	Refunds/ (Canceled)	Dec. 31, 2022
LOCAL GRANTS:								
Drug Abuse Resistance Education 2021/2022	4,432.24	564.00		2,986.54				2,009.70
Drug Abuse Resistance Education 2020/2021	6,975.62		6,924.55	2,598.88		2,510.00	(6,975.62)	-
Drug Abuse Resistance Education 2022/2023			3,124.38					1,815.67
Municipal Alliance DMHAS Grant			5,000.00					3,124.38
Sustainable Communities Grant - 2022	97.73	3,453.75		5,000.00				-
Neighborhood Preservation Program - Local Share - Year 1	12,612.06	2,455.00		1,510.00		1,943.75		97.73
Neighborhood Preservation Program - Local Share - Year 2				11,292.06		3,775.00		(0.00)
Statewide Joint Insurance Fund Incentive Grant			4,156.00	3,933.63				222.37
Total Local	<u>24,117.65</u>	<u>6,472.75</u>	<u>19,204.93</u>	<u>27,321.11</u>	<u>-</u>	<u>8,228.75</u>	<u>(6,975.62)</u>	<u>7,269.85</u>
	<u>\$ 1,241,038.03</u>	<u>488,302.20</u>	<u>1,169,766.26</u>	<u>657,709.67</u>	<u>-</u>	<u>163,195.95</u>	<u>(576,975.62)</u>	<u>1,501,225.25</u>

Current Expenditures	657,709.67
Charge off to General Capital	(570,000.00)
Cancel by Resolution	(6,975.62)
Cash	<u>657,709.67</u>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2021</u>	<u>Transferred To 2022 Appropriations</u>	<u>Received</u>	<u>Transferred to Current Fund Revenue</u>	<u>Balance Dec. 31, 2022</u>
STATE GRANTS:					
US Department of the Treasury					
Coronavirus State and Local Fiscal Recovery Funds	\$ 16,058.49	-	2,437.50	(16,058.49)	2,437.50
Bulletproof Vest	-		1,305.76		1,305.76
Body Armor					
Total State	<u>16,058.49</u>	<u>-</u>	<u>3,743.26</u>	<u>(16,058.49)</u>	<u>3,743.26</u>
	<u>\$ 16,058.49</u>	<u>-</u>	<u>3,743.26</u>	<u>(16,058.49)</u>	<u>3,743.26</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2021	\$ 260.20	287,125.04
Increased By:		
State Dog License Fees	158.40	
Municipal License Fees	689.60	
Developers Escrow		80,329.91
Unemployment Trust		10,697.80
Construction Code Fees		2.88
Law Enforcement		245.00
Street Opening Escrow		8,450.00
Accumulated Absences		25,025.05
Community Events		4,450.00
Maintenance Bonds		15.65
Recreation - Developer's Fees		478.00
Interest Earned		8.43
	<u>848.00</u>	<u>129,702.72</u>
	1,108.20	416,827.76
Decreased By:		
Paid to State of NJ	158.40	
Dog Fund Expenditures	754.20	
Reserve for Program Loans		
Unemployment Trust		8,567.34
Developers Escrow		45,399.33
Street Opening Escrow		7,250.00
Recreation-Developers		13,827.41
Accumulated Absences		36,209.78
Storm Recovery		803.35
Community Events		2,979.88
	<u>912.60</u>	<u>115,037.09</u>
Balance December 31, 2022	\$ <u>195.60</u>	<u>301,790.67</u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

Analysis of December 31, 2022 Balance	Dog Licenses	Other
Unemployment Trust Fund	\$	47,104.36
POAA Trust		197.29
Law Enforcement Trust Fund		12,796.89
Sanitary Landfill Escrow		8,436.49
Developer's Escrow		63,406.06
Maintenance Bonds		
Samir Ibrahim		7,591.01
JC Custom Builders, LLC		23,697.58
Program Loans		88,672.23
Police MDT		230.00
Community Events		2,399.54
Recreation Trust Fund		18,847.59
Accumulated Absences		19,379.99
Snow Removal		71.28
Street Opening Escrows		6,065.00
Fire Prevention Penalty		2,895.36
	\$	301,790.67

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

Balance December 31, 2021	\$	753,268.82
Increased by Receipts:		
Deposits for Redemption of Tax Sale Certificates	1,262,757.99	
Premiums Received at Tax Sale	<u>609,600.00</u>	
		<u>1,872,357.99</u>
		2,625,626.81
Decreased by Disbursements:		
Tax Sale Redemptions	1,241,695.74	
Premiums Returned	<u>653,800.00</u>	
		<u>1,895,495.74</u>
Balance December 31, 2022	\$	<u><u>730,131.07</u></u>

ANALYSIS OF BALANCE - DECEMBER 31, 2022

Tax Title Lien Redemption		26,531.07
Tax Sale Premium		<u>703,600.00</u>
	\$	<u><u>730,131.07</u></u>

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

Balance December 31, 2021	\$		260.20
Increased by:			
Dog License Fees Collected		489.60	
Cat License Fees Collected		150.00	
Late Fees		50.00	
		689.60	689.60
			949.80
Decreased by:			
Expenditures under N.J.S.A. 4:19-15.11:			
Cash		754.20	
		754.20	754.20
Balance December 31, 2022	\$		195.60

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	646.40
2020	538.80
	1,185.20
	1,185.20

**TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2022**

Reserve	Increased by		Decreased by		Balance Dec. 31, 2022
	Balance Dec. 31, 2021	Receipts	Budget Appropriation	Disbursements	
Unemployment	\$ 44,973.90	4,697.80	6,000.00	8,567.34	47,104.36
Fire Prevention Penalty	2,892.48	2.88			2,895.36
Sanitary Landfill Closure	8,428.06	8.43			8,436.49
Developer's Escrow	28,475.48	80,329.91		45,399.33	63,406.06
Law Enforcement Trust	12,551.89	245.00			12,796.89
Recreation Developers	32,197.00	478.00		13,827.41	18,847.59
Parking Offense Adjudication Fund	197.29				197.29
Street Opening Escrows	4,865.00	8,450.00		7,250.00	6,065.00
Accumulated Absences	30,564.72	25.05	25,000.00	36,209.78	19,379.99
Maintenance Bonds	31,272.94	15.65			31,288.59
Community Events	929.42	4,450.00		2,979.88	2,399.54
Storm Recovery Reserve	874.63			803.35	71.28
Police MDT	230.00				230.00
Tax Title Lien Redemptions	5,468.82	1,262,757.99		1,241,695.74	26,531.07
Tax Sale Premiums	747,800.00	609,600.00		653,800.00	703,600.00
	<u>\$ 951,721.63</u>	<u>1,971,060.71</u>	<u>31,000.00</u>	<u>2,010,532.83</u>	<u>943,249.51</u>
					<u>-</u>

See Accompanying Auditor's Report

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

Balance December 31, 2021		\$ 80,238.04
Increased by:		
Capital Improvement Fund	113,000.00	
Bond Anticipation Notes Issued	<u>190,000.00</u>	
		<u>303,000.00</u>
		383,238.04
Decreased by:		
Improvement Authorizations	<u>368,913.51</u>	
		<u>368,913.51</u>
Balance December 31, 2022		\$ <u><u>14,324.53</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance		Receipts		Disbursements		Transfers		Balance Dec. 31, 2022
	Dec. 31, 2021		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 8,989.47		-						8,989.47
Capital Improvement Fund	10,001.60		113,000.00				114,000.00		9,001.60
Encumbrances Payable	288,719.20						288,719.20	2,195,690.36	2,195,690.36
Improvement Authorizations:									
#14-2012 Various General Improvements	1,965.52				1,599.69			1,257.57	1,623.40
#12-2014 Various General Improvements	1,056.83				-				1,056.83
#11-2015 Various Road Reconstructions	327.00				327.00				-
#16-2019 Various General Improvements	(165,726.08)				296,790.33		10,539.87	260,231.63	(212,824.65)
#09-2021 Various General Improvements	(65,095.50)			90,000.00	40,370.00			27,230.00	11,764.50
#13-2022 Various General Improvements				100,000.00	29,826.49		2,185,150.49	114,000.00	(2,000,976.98)
	\$ 80,238.04		113,000.00	190,000.00	368,913.51		2,598,409.56	2,598,409.56	14,324.53

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

Balance December 31, 2021		\$	10,001.60
Increased by:			
Budget Appropriation - 2022	<u>113,000.00</u>		<u>113,000.00</u>
			123,001.60
Decreased by:			
Appropriated to Finance Improvement Authorizations	<u>114,000.00</u>		<u>114,000.00</u>
Balance December 31, 2022		\$	<u><u>9,001.60</u></u>

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

Balance December 31, 2021	\$	950,000.00
Decreased by:		
Budget Appropriation to Pay Bonds:		
Municipal Bonds	<u>190,000.00</u>	<u>190,000.00</u>
Balance December 31, 2022	\$	<u><u>760,000.00</u></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, 2022	
				Balance December 31, 2021 Funded	Balance December 31, 2021 Unfunded	Other Funding					Deferred Charges to Future Taxation	Funded
14-2012	Various General Improvements	9/13/2012	225,000.00	\$ 1,965.52			1,599.69	(1,257.57)			1,623.40	
12-2014	Various General Equipment	12/4/2014	180,000.00	1,056.83								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 Transit Path Extension c. Reconstruction and Repaving of Various Sections of Chicago Avenue	11/27/2019	100,000.00 250,000.00 290,000.00	23,956.42 4,108.75 24,755.00			31,684.95 230,008.75 35,096.63	(16,650.00) (225,900.00) (17,681.63)	3,199.87		(0.00)	5,721.60
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	13,140.00 11,764.50			32,670.00 7,700.00	(19,530.00) (7,700.00)				11,764.50
13-2022	Various General Improvements a. Road and Parking Lot Reconstruction b. City Hall Improvements c. Purchase of Fire Truck	10/13/2022	1,300,000.00 50,000.00 1,500,000.00	606,500.00 2,500.00 75,000.00			29,826.49 47,500.00 1,425,000.00		725,360.00 6,489.00 1,453,301.49			544,813.51 43,511.00 46,698.51
			\$ 30,829.27	50,244.75			368,913.51	(288,719.20)	2,195,690.36		1,623.40	653,565.95
				Capital Improvement Fund								114,000.00
				State and Federal Grants								570,000.00
												<u>684,000.00</u>

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2022	Date	Interest Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
General Obligation Bonds of 2016	4/13/2016	1,543,000	4/1/2023-2026	190,000.00	2.250%	950,000.00		190,000.00	760,000.00
						<u>\$ 950,000.00</u>	<u>-</u>	<u>190,000.00</u>	<u>760,000.00</u>
							Paid through budget Refunded	190,000.00	
								<u>-</u>	
								<u>190,000.00</u>	

**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, 2021	Increased	Decreased/Adjustment	Balance Dec. 31, 2022
Various Capital Improvements	8-13	1/31/2014	3/30/2022	3/28/2023	1.100% \$	102,971.48		9,750.00	93,221.48
Various Capital Improvements	8-13	12/7/2017	3/30/2022	3/28/2023	1.100%	14,161.07			14,161.07
Various Capital Improvements	8-13	4/10/2018	3/30/2022	3/28/2023	1.100%	19,117.45			19,117.45
Various Capital Improvements	12-14	1/29/2015	3/30/2022	3/28/2023	1.100%	95,000.00		19,000.00	76,000.00
Various Capital Improvements	11-15	1/27/2016	3/30/2022	3/28/2023	1.100%	400,000.00		25,000.00	375,000.00
Various Capital Improvements	16-19	4/2/2020	3/30/2022	3/28/2023	1.100%	93,000.00		-	93,000.00
Various Capital Improvements	9-21	3/30/2022	3/30/2022	3/28/2023	1.100%		90,000.00		90,000.00
Various Capital Improvements	13-22	12/1/2022	12/1/2022	12/1/2023	0.000%		100,000.00		100,000.00
						\$ 724,250.00	190,000.00	53,750.00	860,500.00

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Debt Issued	Paid Through Budget	Balance Dec. 31, 2022
09-2021	Various Capital Improvements	\$ 90,000.00		90,000.00		-
13-2022	Various Capital Improvements		2,166,000.00	100,000.00		2,066,000.00
		<u>\$ 90,000.00</u>	<u>2,166,000.00</u>	<u>190,000.00</u>	<u>-</u>	<u>2,066,000.00</u>

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

		Operating		Capital
Balance December 31, 2021	\$	525,239.30		801,305.01
Increased by Receipts:				
Collector		2,528,577.27		
Miscellaneous		73,250.22		
Fire Hydrants		30,000.00		
Petty Cash		200.00		
Appropriation Refunds		21,960.11		
Due to State of NJ -				
Utility Assistance Payments		2,119.16		
Due from Utility Capital		8,250.00		
Due from Utility Operating -				
Water Quality Act Capital Fee			392,070.11	
State of NJ-Route 30 Improvements		2,910.50		
		2,667,267.26		392,070.11
		3,192,506.56		1,193,375.12
Decreased by Disbursements:				
Appropriations - Current		1,643,255.88		
Appropriations - Prior Year		81,293.15		
Accounts Payable		20,825.68		
Accrued Interest on Bonds		413,090.71		
Petty Cash		200.00		
Refund of Overpayments		110.00		
Due from State - Route 30 Improvements		2,666.73		
Due to Current Fund			7,250.00	
Due to Utility Capital		392,070.11		1,000.00
		2,553,512.26		8,250.00
Balance December 31, 2022	\$	638,994.30		1,185,125.12

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

Balance December 31, 2021	\$	-
Increased by Receipts:		
Consumer Accounts Receivable	2,339,346.16	
Special Charges	568.49	
Utility Liens	1,711.34	
Prepaid Utility Rents	184,119.98	
Prepaid Fire Receipts	<u>2,831.30</u>	
		<u>2,528,577.27</u>
		<u>2,528,577.27</u>
Decreased by Disbursements:		
Payment to Treasurer		<u>2,528,577.27</u>
Balance December 31, 2022	\$	<u><u>-</u></u>

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

Balance December 31, 2021	\$	179,908.45
Increased by Receipts:		
Utility Rents Levied	2,345,573.86	
Overpayments Created	655.54	
Adjustments to balance	<u>2,257.25</u>	
		<u>2,348,486.65</u>
		2,528,395.10
Decreased by Collections:		
Collections - 2022	1,946,620.51	
Collections - 2021	150,389.30	
Collections - Special Charges	568.49	
Collections - Water Quality Act Capital Fee	392,070.11	
Overpayments Applied	-	
Cancellations	-	
Transfers to Lien	<u>2,740.25</u>	
		<u>2,492,388.66</u>
Balance December 31, 2022		<u><u>36,006.44</u></u>

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

Balance December 31, 2021		14,127.40
Increased by:		
Transfers from Accounts Receivable	2,740.25	
Penalties and Costs Accrued by Sale of December 14, 2022	<u>-</u>	
		<u>2,740.25</u>
		16,867.65
Decreased by:		
Collections	1,711.34	
Foreclosed	3,555.58	
Adjustments	<u>2,669.52</u>	
		<u>7,936.44</u>
Balance December 31, 2022	\$	<u><u>8,931.21</u></u>

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

ACCOUNT	Balance Dec. 31, 2021	Additions by		Cancelled	Balance Dec. 31, 2022
		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
	\$ 13,012,043.44	-	-	-	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, 2022
	Balance Dec. 31, 2021	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	89,428.00			89,428.00
	\$ 16,403,469.36			16,403,469.36

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

Improvement Description	Date	Amount	Balance Dec. 31, 2021	2022 Authorizations		Costs to Fixed Capital	Authorizations Canceled	Balance Dec. 31, 2022
				Deferred Reserve for Amortization	Deferred Charges to Future Revenue			
#17-2019 Various Sewer & Water Improvements	9/21/2019	125,000.00	\$ 15,644.00	-	-	-	-	15,644.00
			<u>\$ 15,644.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,644.00</u>

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
Operating:						
Salaries and Wages	\$ 44.22	44.22			44.22	
Other Expenses	70,466.33	70,466.33	58,030.94		12,435.39	
Engineering Fees	4,694.00	4,694.00	459.00		4,235.00	
Legal Fees	8,926.50	8,926.50	8,550.00		376.50	
Atlantic County Sewerage Authority - Contractual	14,255.37	14,255.37	14,253.21		2.16	
Deferred Charges and Statutory Expenditures						
Contribution to:						
Social Security System (O.A.S.I.)	356.79	356.79			356.79	
	<u>\$ 98,743.21</u>	<u>98,743.21</u>	<u>81,293.15</u>	<u>-</u>	<u>17,450.06</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, 2022**

Balance December 31, 2021	\$	95,103.86
Increased by:		
Budget Appropriation for Interest on Bonds and Notes		408,710.97
		503,814.83
Decreased by:		
Interest Paid - Treasurer		413,090.71
Balance December 31, 2022	\$	90,724.12

**ANALYSIS OF ACCRUED INTEREST
DECEMBER 31, 2022**

Principal Outstanding Dec. 31, 2022	Interest Rate	From	To	Period	Amount
Serial Bonds					
485,000.00	3.50%	8/1/2022	12/31/2022	153	7,214.38
4,080,290.18	2.25%	10/14/2022	12/31/2022	78	19,891.41
4,625,000.00	3.50%	10/15/2022	12/31/2022	77	34,623.26
1,175,000.00	2.30%	10/1/2022	12/31/2022	92	6,906.39
3,543,777.51	2.25%	10/13/2022	12/31/2022	79	17,497.42
					86,132.86
Bond Anticipation Notes					
540,500.00	1.10%	3/29/2022	12/31/2022	278	4,591.25
					4,591.25
Total Accrued Interest					\$ 90,724.11

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

Balance December 31, 2021	\$ 3,285.60
Increased by:	
Overpayments Created	<u>655.54</u>
Balance December 31, 2022	<u>\$ 3,941.14</u>

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

Improvement Authorization	Date	Ordinance Amount	Balance Dec. 31, 2021		Deferred Charged to Future Revenue	Authorizations			Balance Dec. 31, 2022		
			Funded	Unfunded		Down Payment or Capital Improv. Fund	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 \$	-	15,644.00	-	-	-	-	-	15,644.00	-
			-	15,644.00	-	-	-	-	-	15,644.00	-
					Cash	-	-	-	-	-	-
						-	-	-	-	-	-

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

Balance December 31, 2021	\$	9,134,802.40
Increased by:		
Serial Bonds Paid		294,804.29
		294,804.29
Balance December 31, 2022		9,429,606.69

SCHEDULE OF RESERVE FOR AMORTIZATION - SEWER

Balance December 31, 2021		5,121,006.57
Increased by:		
Serial Bonds Paid		274,476.27
		274,476.27
Balance December 31, 2022	\$	5,395,482.84

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

Balance December 31, 2021	\$	24,250.00
Increased by:		
Paid from Operating Budget		
Bond Anticipation Notes	<u>7,250.00</u>	<u>7,250.00</u>
Balance December 31, 2022	\$	<u><u>31,500.00</u></u>

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding December 31, 2022		Int. Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
			Date	Amount					
Refunding Bond Issue	4/26/11	1,690,000.00	8/1/23	155,000.00	4.000%				
			8/1/24	160,000.00	4.000%				
			8/1/25	170,000.00	4.000%	635,000.00		150,000.00	485,000.00
Egg Harbor City North Utility Improvements	10/14/11	5,056,000.00	4/14/22 -	4,179,242.45	2.250%	4,179,242.72		98,952.54	4,080,290.18
			10/14/51						

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Int. Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
			Date	Amount					
General Obligation Refunding Bonds, Series 2014	10/8/2014	5,295,000.00	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%	4,775,000.00		150,000.00		4,625,000.00
Water Plant Construction	4/13/2016	1,700,000.00	4/1/23-4/1/25	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%	1,275,000.00		100,000.00	

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

Purpose	Date of Issue	Original Issue	Maturities Outstanding		Int. Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
			Date	Amount					
Water Plant Construction	4/14/2016	3,974,000.00	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, 2021	Increased	Decreased	Balance Dec. 31, 2022
			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, 2021	Increased	Decreased	Balance Dec. 31, 2022
			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%	3,614,105.53		70,328.02	3,543,777.51
			4/14/2056	71,262.38	2.250%				
						\$ 14,476,348.25	569,280.56	13,909,067.69	

- (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

**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, 2021	Increased	Decreased	Balance Dec. 31, 2022
#6-2004 Sewer Extensions	4/13/2016	3/28/2023	1.10% \$	153,850.00		2,050.00	151,800.00
#20-2008 Various Water & Sewer Improvements	4/13/2016	3/28/2023	1.10%	300,150.00		3,950.00	296,200.00
#11-2018 Various Water & Sewer Repairs	4/9/2018	3/28/2023	1.10%	93,750.00		1,250.00	92,500.00
			\$	<u>547,750.00</u>	<u>-</u>	<u>7,250.00</u>	<u>540,500.00</u>

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

Improvement Description	Date of Ordinance	Balance Dec. 31, 2021	2022 Authorizations	Transfer from BAN	Notes Issued	Authorizations Cancelled	Balance Dec. 31, 2022
#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, 2022

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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:

FY2021 Reconstruction of Chicago Avenue (100 and 200 blocks) and FY2022 Reconstruction of Washington Avenue (100 and 200 blocks)

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 5, 2022 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 2022 calendar year, the City held their tax sale on December 14, 2022. 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>
2022	4,098
2021	4,108
2020	4,122

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 2022 calendar year, the City received a final judgment on an In Rem Foreclosure of municipal tax title liens. The judgment foreclosed on four (4) eligible 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 2022 & 2023 Taxes	25
Municipal Tax Title Liens	10
Payment of 2022 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.

<u>Year</u>	<u>Currently</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percent of Collections</u>
2022	\$ 10,922,366.95	10,809,034.47	98.96%
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%

Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Tax Rate	5.453	5.225	5.281	5.255	5.264
Apportionment of Tax Rate:					
Municipal	2.299	2.299	2.299	2.299	2.263
County	0.624	0.571	0.579	0.596	0.606
Local School	1.742	1.632	1,647	1.638	1.639
Regional High School	0.788	0.723	0.756	0.722	0.756
Assessed Valuation	198,937,400	198,233,900	198,862,500	198,723,500	197,867,300

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2022	\$ 758,854.30	13,448.51	772,302.81	7.07%
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%

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.

STATUS OF PRIOR YEAR RECOMMENDATIONS

None

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**

June 30, 2023