

CITY OF SOMERS POINT

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

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

CITY OF SOMERS POINT

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CITY OF SOMERS POINT

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2021

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FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of City Council
City of Somers Point
County of Atlantic, New Jersey

Report on the Financial Statements

Opinions

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Basis for Opinions

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2022, on our consideration of the City of Somers Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Somers Point's internal control over financial reporting and compliance.

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

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

July 8, 2022

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EXHIBIT A - CURRENT FUND

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

	2021	2020
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Cash Treasurer	\$ 7,459,316.12	5,705,828.50
Cash - Collector	258,846.18	703,872.84
Cash - Change and Petty Cash	500.00	500.00
Total Cash	7,718,662.30	6,410,201.34
Other Receivables:		
Due from State - Chapter 20 P.L. 1971	27,902.88	26,216.58
Total Other Receivables	27,902.88	26,216.58
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	353,827.22	581,045.97
Tax Title and Other Liens	217,359.43	188,913.95
Property Acquired for Taxes - at Assessed Valuation	19,412.00	19,412.00
Revenue Accounts Receivable	9,868.33	4,484.05
Overpaid Local School Tax	195,645.00	195,645.00
Interfund Receivable:		
Other Trusts - Unemployment	-	1,950.46
General Capital	165,000.00	264,191.08
Dog License Fund	51,544.55	44,411.45
Total Receivables and Other Assets	1,012,656.53	1,300,053.96
Deferred Charges:		
None	-	-
Total Deferred Charges	-	-
Total Regular Fund	8,759,221.71	7,736,471.88
Federal and State Grant Fund:		
Federal and State Grants Receivable	1,334,137.50	3,167,368.35
Due from Current Fund	586,914.50	7,803.68
Total Federal and State Grant Fund	1,921,052.00	3,175,172.03
Total Current Fund	\$ 10,680,273.71	10,911,643.91

The accompanying Notes to Financial Statements are an integral part of this statement

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

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>2021</u>	<u>2020</u>
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,705,055.26	1,348,894.59
Reserve for Encumbrances	241,286.59	443,622.78
Accounts Payable	149,913.39	151,394.11
Prepaid Taxes	429,231.78	382,472.11
Overpaid Taxes	17,751.78	10,853.17
Local School Tax Payable	2,717.00	-
Regional School Tax Payable	10.92	11.42
Payroll Taxes Payable	463.39	463.39
County Added Tax Payable	5,003.31	5,536.06
Due to State:		
Marriage Licenses	450.00	250.00
CCO Fees	1,960.00	15,837.00
Interfund Payable:		
Other Trusts - Law Enforcement Trust	-	1,750.00
Grant Fund	586,914.50	7,803.68
Sewer Operating	7,400.91	7,400.91
Sewer Capital	1,490,832.00	1,490,832.00
Other		
Reserve for Revaluation	90,658.60	90,658.60
Reserve for Hurricane Sandy	40,565.08	40,565.08
Reserve for Tax Appeals	-	31,716.37
Reserve for Demolition of Buildings	110,000.00	-
	4,880,214.51	4,030,061.27
Reserve for Receivables and Other Assets	1,012,656.53	1,300,053.96
Fund Balance	2,866,350.67	2,406,356.65
Total Regular Fund	8,759,221.71	7,736,471.88
Federal and State Grant Fund:		
Unappropriated Reserves	532,448.93	-
Appropriated Reserves	1,311,348.04	1,224,176.43
Due to General Capital Fund	-	1,400,000.00
Encumbrances Payable	77,255.03	550,995.60
	1,921,052.00	3,175,172.03
Total Federal and State Grant Fund	1,921,052.00	3,175,172.03
Total Current Fund	\$ 10,680,273.71	10,911,643.91

The accompanying Notes to Financial Statements are an integral part of this statement

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

	2021	2020
Revenue and Other Income Realized		
Fund Balance	\$ 2,314,000.00	1,996,211.22
Miscellaneous Revenue Anticipated	3,033,732.30	3,121,524.11
Receipts from Delinquent Taxes	582,388.26	529,259.56
Receipts from Current Taxes	36,946,168.60	36,014,337.46
Non Budget Revenue	357,158.25	175,480.53
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	1,278,888.33	1,096,158.47
Interfund Returned	110,242.53	338,178.35
Cancellation of Prior Year Liabilities	100.00	8,856.53
Total Income	44,622,678.27	43,280,006.23
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	6,464,750.00	6,225,700.00
Other Expenses	4,860,850.00	4,761,470.16
Deferred Charges & Statutory Expenditures	1,729,663.20	1,640,629.00
Appropriations Excluded from "CAPS"		
Operations:		
Salaries and Wages	184,621.00	191,485.00
Other Expenses	351,243.65	384,068.24
Capital Improvements	443,500.00	645,000.00
Debt Service	1,930,850.55	1,864,524.72
Deferred Charges	-	-
Local District School Tax	11,145,109.00	11,042,286.00
Regional District School Tax	8,403,128.00	7,965,171.00
County Tax	6,265,332.32	6,082,911.61
County Share of Added Tax	5,003.31	5,536.06
Interfund Created	10,073.15	272,250.96
Refund of Prior Year Revenue	54,560.07	250.00
Total Expenditures	41,848,684.25	41,081,282.75
Excess in Revenue	2,773,994.02	2,198,723.48

The accompanying Notes to Financial Statements are an integral part of this statement

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

	2021	2020
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year		
None	-	-
Total Adjustments	-	-
Statutory Excess to Fund Balance	2,773,994.02	2,198,723.48
Fund Balance January 1	2,406,356.65	2,203,844.39
	5,180,350.67	4,402,567.87
Decreased by:		
Utilization as Anticipated Revenue	2,314,000.00	1,996,211.22
Fund Balance December 31	\$ 2,866,350.67	2,406,356.65

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Fund Balance Anticipated	\$ 2,314,000.00	2,314,000.00	-
Total Fund Balance Anticipated	<u>2,314,000.00</u>	<u>2,314,000.00</u>	<u>-</u>
Miscellaneous Revenues:			
Section A: Local Revenues			
Licenses:			
Alcoholic Beverages	22,500.00		2,130.00
Fees and Permits	35,000.00		8,833.00
Fines and Costs:			
Municipal Court	98,000.00		6,333.05
Interest and Costs on Taxes	150,000.00		(32,889.54)
Interest Earned on Investments	80,000.00		44,747.97
Fees and Permits - Chapter 115 Inspections	100,000.00		19,505.00
Cable TV Franchise Fee	45,000.00		3,448.29
Hotel Fee	124,000.00		72,271.85
Total Section A: Local Revenues	<u>654,500.00</u>	<u>-</u>	<u>124,379.62</u>
Section B: State Aid Without Offsetting Appropriations			
Energy Receipts Tax	967,096.00		-
Total Section B: State Aid Without Offsetting Appropriations	<u>967,096.00</u>	<u>-</u>	<u>-</u>
Section C: Uniform Construction Code Fees			
Uniform Construction Code Fees	160,000.00		27,756.00
Total Section C: Uniform Construction Code Fees	<u>160,000.00</u>	<u>-</u>	<u>27,756.00</u>

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

	Anticipated		Realized	Excess or (Deficit)
	Budget	N.J.S. 40A:4-87		
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
Safe and Secure Communities Program	12,621.00		12,621.00	-
Local Arts Program - Beach Concerts	5,000.00		5,000.00	-
Clean Communities		28,577.74	28,577.74	-
Recycling Tonnage	12,431.26		12,431.26	-
Body Armor Grant	2,341.48		2,341.48	-
Drunk Driving Enforcement Fund		9,516.16	9,516.16	-
New Jersey Department of Transportation West Atlantic Avenue	350,000.00		350,000.00	-
FFY - 2022-2024 Competitive CMAQ Program Bike Path Enhancements	165,000.00		165,000.00	-
Total Section F: Special Items - Public and Private Programs Off-Set with Appropriations	547,393.74	38,093.90	585,487.64	-

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

	Anticipated		Excess or (Deficit)
	Budget	N.J.S. 40A:4-87	
Section G: Other Special Items			
Bayview Court - PILOT	131,608.04		-
Shore Medical Center	207,009.00		10,896.00
Reserve for Debt Service	100,000.00		-
General Capital Fund Balance	65,000.00		-
Total Section G: Other Special Items	<u>503,617.04</u>	<u>-</u>	<u>10,896.00</u>
Total Miscellaneous Revenues:	2,832,606.78	38,093.90	163,031.62
Receipts from Delinquent Taxes	551,000.00		31,388.26
Amount to be Raised by Taxes for Support of Municipal Budget			
Local Tax for Municipal Purposes	11,399,563.33		897,748.80
Total Amount to be Raised by Taxes for Support of of Municipal Budget	<u>11,399,563.33</u>	<u>-</u>	<u>897,748.80</u>
Budget Totals	17,097,170.11	38,093.90	1,092,168.68
Non- Budget Revenues:			
Other Non- Budget Revenues:	<u>17,097,170.11</u>	<u>38,093.90</u>	<u>357,158.25</u>
			<u>1,449,326.93</u>

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	36,946,168.60
Less: Reserve for Tax Appeals Pending		-
Net Revenue from Collections		36,946,168.60
Allocated to:		
School, County and Other Taxes		25,818,572.63
Balance for Support of Municipal Budget Appropriations		11,127,595.97
Increased by:		
Appropriation "Reserved for Uncollected Taxes"		1,169,716.16
Amount for Support of Municipal Budget Appropriations		12,297,312.13

Receipts from Delinquent Taxes:

Delinquent Tax Collection		582,388.26
Tax Title Lien Collections		-
Total Receipts from Delinquent Taxes		582,388.26

Analysis of Non-Budget Revenue:

Tax Collector:		
Tax Collector Miscellaneous		1,795.01

Miscellaneous Revenue Not Anticipated:

Bingo and Raffle Licenses		650.00
Vital Statistics		53,379.00
Death Certificates		1,050.00
Mercantile Licenses		28,115.00
Election Fee		350.00
Planning & Zoning Board Fees		15,175.00
Senior/Vet 2% Administrative Fee		1,441.27
Fishing Pier Lease		5,100.00
Street Openings		7,050.00
FEMA-Reimbursement from Tropical Storm Isiais		107,714.82
Insurance Dividends & Refunds		57,636.92
Escheat Funds to City		24,749.70
Library Rent		35,000.00
Miscellaneous		17,951.53
Total Treasurer		355,363.24

Total Miscellaneous Revenue Not Anticipated:	\$	357,158.25
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The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
OPERATIONS WITHIN "CAPS"							
GENERAL GOVERNMENT:							
Mayor and Council							
Salaries and Wages	69,000.00	69,000.00	68,500.00		500.00		
Other Expenses	86,000.00	70,000.00	19,540.51	710.00	49,749.49		
Veteran Events	1,500.00	1,500.00	1,000.00		500.00		
Department of General Administration							
Salaries and Wages	168,200.00	168,200.00	109,279.92	50,000.00	8,920.08		
Other Expenses	55,000.00	55,000.00	42,189.18	1,811.16	10,999.66		
Department of City Clerk							
Salaries and Wages	175,600.00	175,600.00	162,571.81	916.20	13,028.19		
Other Expenses	55,100.00	55,100.00	28,739.76		25,444.04		
Data Processing							
Other Expenses	55,000.00	59,000.00	54,313.74		4,686.26		
Department of Finance							
Salaries and Wages	78,000.00	78,000.00	73,498.73		4,501.27		
Other Expenses	35,800.00	35,800.00	16,179.40		19,620.60		
Annual Audit							
Other Expenses	42,500.00	42,500.00	36,145.90		6,354.10		
Department of Tax Assessment							
Salaries and Wages	20,000.00	11,000.00	-		11,000.00		
Other Expenses	85,000.00	85,000.00	79,861.50		5,138.50		
Department of Tax Collections							
Salaries and Wages	77,300.00	77,300.00	58,670.02	710.00	18,629.98		
Other Expenses	20,000.00	20,000.00	10,224.94		9,065.06		
Legal Services and Costs							
Other Expenses	230,000.00	230,000.00	170,272.61		59,727.39		
Municipal Prosecutor							
Other Expenses	20,000.00	20,000.00	17,875.00		2,125.00		
Engineering Services and Costs							
Other Expenses	15,000.00	15,000.00	1,045.00		13,955.00		
Public Buildings and Grounds							
Salaries and Wages	195,900.00	195,900.00	172,548.03		23,351.97		
Other Expenses	85,000.00	85,000.00	68,553.90	4,032.28	12,413.82		
Vehicle Maintenance							
Planning Board	116,000.00	116,000.00	104,851.43	5,110.23	6,038.34		
Salaries and Wages	25,700.00	25,700.00	25,700.00		-		
Other Expenses	23,350.00	23,350.00	7,118.28		16,231.72		
Zoning Board							
Salaries and Wages	24,800.00	24,800.00	24,800.00		-		
Other Expenses	14,200.00	14,200.00	6,543.38		7,656.62		

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved		
PUBLIC SAFETY								
Department of Fire								
Salaries and Wages	42,200.00	42,200.00	40,600.00			1,600.00		
Other Expenses	78,200.00	78,200.00	65,435.51		12,764.49	-		
Department of the Police								
Salaries and Wages	3,338,500.00	3,338,500.00	2,891,777.17		50,000.00	396,722.83		
Other Expenses	216,200.00	216,200.00	165,036.74		11,382.82	39,780.44		
Department of Communications								
Salaries and Wages	355,000.00	355,000.00	330,165.03		20,000.00	4,834.97		
Other Expenses	20,500.00	20,500.00	-			20,500.00		
Department of Emergency Management								
Salaries and Wages	12,500.00	12,500.00	10,000.00			2,500.00		
Other Expenses	6,000.00	6,000.00	984.68			5,015.32		
Bureau of Fire Prevention								
Salaries and Wages	2,000.00	2,000.00	-			2,000.00		
Other Expenses	2,000.00	2,000.00	1,992.84			7.16		
Department of Zoning/Code Enforcement								
Salaries and Wages	49,000.00	49,000.00	38,901.96			10,098.04		
Other Expenses	18,400.00	18,400.00	14,297.12			4,102.88		
Demolitions	5,000.00	5,000.00	-		5,000.00	-		
Emergency Medical Services								
Other Expenses	47,000.00	47,000.00	41,935.00			5,065.00		
PUBLIC WORKS								
Department of Public Works								
Salaries and Wages	623,900.00	623,900.00	613,342.38			10,557.62		
Other Expenses	66,000.00	66,000.00	51,790.79		305.28	13,903.93		
Division of Sanitation								
Salaries and Wages	629,500.00	629,500.00	504,767.03			124,732.97		
Other Expenses	217,900.00	217,900.00	194,393.48		2,039.50	21,467.02		
Sanitation - Transfer Fees	285,000.00	285,000.00	232,071.22			52,928.78		
HEALTH AND WELFARE								
Animal Control Services								
Other Expenses	10,000.00	10,000.00	8,800.00			1,200.00		
RECREATION AND EDUCATION								
Department of Parks and Recreation Programs								
Salaries and Wages	53,850.00	53,850.00	27,340.44			26,509.56		
Other Expenses	44,000.00	34,000.00	3,255.99		44.99	30,699.02		

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Budget After Modifications	Paid or Charged	Expended		Reserved	(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved		
Department of Parks and Recreation Facilities								
Salaries and Wages	189,100.00	189,100.00	159,699.95	25,000.00	4,400.05			
Other Expenses	42,000.00	42,000.00	30,458.97	1,221.91	10,319.12			
Environmental Commission								
Other Expenses	2,000.00	2,000.00	300.00		1,700.00			
Economic Development and Advisory Commission								
Other Expenses	50,000.00	50,000.00	4,514.94	150.00	45,335.06			
Historic Preservation Commission								
Other Expenses	3,000.00	3,000.00	-		3,000.00			
Arts Commission								
Other Expenses	4,000.00	4,000.00	4,000.00		-			
MUNICIPAL COURT								
Municipal Court								
Salaries and Wages	194,700.00	194,700.00	159,983.10		34,716.90			
Other Expenses	21,300.00	21,300.00	6,720.07	1,355.75	13,224.18			
Public Defender (P.L. 1997, C.256)								
Other Expenses	12,000.00	12,000.00	9,850.00		2,150.00			
INSURANCE								
General Liability	110,000.00	110,000.00	99,320.29		10,679.71			
Workers Compensation Insurance	297,000.00	297,000.00	282,360.71		14,639.29			
Employee Group Health	1,580,000.00	1,580,000.00	1,365,543.45		214,456.55			
Surety Bond Premiums	1,000.00	1,000.00	-		1,000.00			
Health waiver - Employee Opt Out	22,000.00	22,000.00	19,853.96		2,146.04			
Municipal Service Act								
Other Expenses	84,000.00	84,000.00	3,878.69	80,000.00	121.31			
Apartment Trash Collection								
Other Expenses	49,000.00	49,000.00	33,868.40	8,731.98	6,399.62			
UNIFORM CONSTRUCTION CODE								
State Uniform Construction Code								
Salaries and Wages	127,000.00	127,000.00	81,349.56		45,650.44			
Other Expenses	10,700.00	10,700.00	10,107.88		592.12			
UNCLASSIFIED								
Utility Expenses and Bulk Purchases								
Gasoline	65,000.00	65,000.00	50,967.06		14,032.94			
Diesel Fuel	48,000.00	48,000.00	41,625.17		6,374.83			
Fire Hydrant Water	104,000.00	110,000.00	108,930.13		1,069.87			
Electric	150,000.00	150,000.00	136,901.99		13,098.01			

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Street Lighting	120,000.00	145,000.00	135,936.34		9,063.66	
Telephone	47,000.00	47,000.00	45,790.38		1,209.62	
Natural Gas	35,000.00	35,000.00	26,583.69		8,416.31	
Water	38,000.00	38,000.00	26,148.24		11,851.76	
Fuel #2	1,000.00	1,000.00	-		1,000.00	
Waste Water	7,200.00	7,200.00	5,362.00		1,838.00	
Telecommunications Costs	14,000.00	14,000.00	12,194.48		1,805.52	
TOTAL OPERATIONS WITHIN "CAPS"	11,324,600.00	11,324,600.00	9,459,159.87	281,286.59	1,584,153.54	-
Contingent	1,000.00	1,000.00	-		1,000.00	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	11,325,600.00	11,325,600.00	9,459,159.87	281,286.59	1,585,153.54	-
Detail:						
Salaries and Wages	6,473,750.00	6,464,750.00	5,573,349.09	145,000.00	746,400.91	-
Other Expenses	4,851,850.00	4,860,850.00	3,885,810.78	136,286.59	838,752.63	-
DEFERRED CHARGES AND STATUTORY EXPENDITURES:						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees' Retirement System	414,519.20	414,519.20	414,519.20		-	
Social Security System (O.A.S.I.)	506,800.00	506,800.00	410,456.09		96,343.91	
Police and Firemen's Retirement System	775,344.00	775,344.00	775,344.00		-	
Unemployment Compensation Insurance	20,000.00	20,000.00	20,000.00		-	
Defined Contribution Retirement Program	13,000.00	13,000.00	10,442.19		2,557.81	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,729,663.20	1,729,663.20	1,630,761.48	-	98,901.72	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	13,055,263.20	13,055,263.20	11,089,921.35	281,286.59	1,684,055.26	-

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"							
(A) Operations - Excluded from "CAPS"							
LOSAP	20,000.00	20,000.00				20,000.00	
Recycling Tax	12,377.01	12,377.01		12,377.01		-	
Reserve for Tax Appeals	95,000.00	95,000.00		95,000.00		-	
	<u>127,377.01</u>	<u>127,377.01</u>		<u>107,377.01</u>		<u>20,000.00</u>	
(A) Public and Private Programs Off-Set by Revenues							
Safe and Secure Communities Program							
State Share	12,621.00	12,621.00		12,621.00		-	
City Share	172,000.00	172,000.00		172,000.00		-	
Matching Funds	1,000.00	1,000.00		-		1,000.00	
Body Armor Grant	2,341.48	2,341.48		2,341.48		-	
Clean Communities	-	28,577.74		28,577.74		-	
Recycling Tonnage Grant	12,431.26	12,431.26		12,431.26		-	
Local Arts Beach Concerts	5,000.00	5,000.00		5,000.00		-	
Drunk Driving Enforcement Fund	-	9,516.16		9,516.16		-	
FFY - 2022-2024 Competitive CMAQ Program	165,000.00	165,000.00		165,000.00		-	
	<u>370,393.74</u>	<u>408,487.64</u>		<u>407,487.64</u>		<u>1,000.00</u>	
Total Public and Private Programs Off-Set by Revenues							
	497,770.75	535,864.65		514,864.65		21,000.00	
Total Operations - Excluded from "CAPS"							
Detail:							
Salaries and Wages	184,621.00	184,621.00		184,621.00		-	
Other Expenses	313,149.75	351,243.65		330,243.65		21,000.00	
(C) Capital Improvements							
Capital Improvement Fund	93,500.00	93,500.00		93,500.00		-	
Public and Private Programs Offset by Revenues:							
NJ DOT Trust Fund Authority Act	350,000.00	350,000.00		350,000.00		-	
West Atlantic Avenue						-	
	<u>443,500.00</u>	<u>443,500.00</u>		<u>443,500.00</u>		<u>-</u>	
Total Capital Improvements							

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Budget After Modifications	Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications			Encumbered	Reserved	
(D) Debt Service							
Payment of Bond Principal	1,510,000.00	1,510,000.00	1,510,000.00				-
Payment of Bond Anticipation and Capital Notes	395,920.00	395,920.00	395,920.00				-
Interest on Bonds	25,000.00	25,000.00	24,930.55				69.45
Interest on Notes							
Total Debt Service	<u>1,930,920.00</u>	<u>1,930,920.00</u>	<u>1,930,850.55</u>				<u>69.45</u>
(E) Deferred Charges							
None	-	-	-				-
Total Deferred Charges	<u>-</u>	<u>-</u>	<u>-</u>				<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>2,872,190.75</u>	<u>2,910,284.65</u>	<u>2,889,215.20</u>		<u>21,000.00</u>		<u>69.45</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>15,927,453.95</u>	<u>15,965,547.85</u>	<u>13,979,136.55</u>		<u>281,286.59</u>	<u>1,705,055.26</u>	<u>69.45</u>
(M) Reserve for Uncollected Taxes	<u>1,169,716.16</u>	<u>1,169,716.16</u>	<u>1,169,716.16</u>				
TOTAL GENERAL APPROPRIATIONS	<u>\$ 17,097,170.11</u>	<u>\$ 17,135,264.01</u>	<u>\$ 15,148,852.71</u>		<u>\$ 281,286.59</u>	<u>\$ 1,705,055.26</u>	<u>\$ 69.45</u>
Budget		\$ 17,097,170.11				Cancelled	\$ 69.45
Appropriations by 40A:4-87		38,093.90				Overexpended	-
Emergency Appropriations		-					
Reserve for Uncollected Taxes			\$ 1,169,716.16				
Federal and State Grants			757,487.64				
Deferred Charges			-				
Disbursements			13,221,648.91				
		\$ 17,135,264.01	\$ 15,148,852.71				\$ 69.45

The accompanying Notes to Financial Statements are an integral part of this statement

EXHIBIT B - TRUST FUNDS

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

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Animal Control Fund:		
Cash	\$ 63,031.15	58,933.05
	<u>63,031.15</u>	<u>58,933.05</u>
Length of Service Award Program		
Investment held for LOSAP	233,644.19	221,244.19
	<u>233,644.19</u>	<u>221,244.19</u>
Other Funds:		
Cash - Treasurer	1,643,779.07	1,710,695.05
Due from South Jersey Industries	924.45	-
Due from Current Fund	-	1,750.00
Due from General Capital Fund	350.00	350.00
	<u>1,645,053.52</u>	<u>1,712,795.05</u>
	<u>1,941,728.86</u>	<u>1,992,972.29</u>
<u>Liabilities, Reserves, and Fund Balance</u>		
Animal Control Fund:		
Due to Current Fund	51,544.55	44,411.45
Due to State of New Jersey	4.20	1.20
Reserve for Animal Control Fund Expenditures	11,482.40	14,520.40
	<u>63,031.15</u>	<u>58,933.05</u>
Length of Service Award Program		
Investment held for LOSAP	233,644.19	221,244.19
	<u>233,644.19</u>	<u>221,244.19</u>
Other Funds:		
Due to Current Fund	-	1,950.46
Miscellaneous Reserves	1,645,053.52	1,710,844.59
	<u>1,645,053.52</u>	<u>1,712,795.05</u>
Total	\$ <u>1,941,728.86</u>	<u>1,992,972.29</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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EXHIBIT C - GENERAL CAPITAL FUND

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

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 2,611,102.10	1,946,597.26
Due from Federal and State Grant Fund	-	1,400,000.00
Deferred Charges to Future Taxation -		
Funded	11,311,000.00	12,821,000.00
Unfunded	5,237,136.56	3,472,321.56
	<u>19,159,238.66</u>	<u>19,639,918.82</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Encumbrances Payable	680,734.08	1,579,098.39
Bond Anticipation Notes Payable	4,264,000.00	2,500,000.00
Serial Bonds Payable	11,311,000.00	12,821,000.00
Improvement Authorizations:		
Funded	267,523.09	387,080.52
Unfunded	2,270,504.17	1,758,564.29
Due to Current Fund	165,000.00	264,191.08
Due to Trust Fund	350.00	350.00
Reserve for Bequest - JFK Park	23,000.00	23,000.00
Reserve for Acquisition of Vehicle	10,000.00	10,000.00
Reserve for Debt Service	76,742.66	141,864.88
Capital Improvement Fund	6,315.00	5,700.00
Fund Balance	84,069.66	149,069.66
	<u>\$ 19,159,238.66</u>	<u>19,639,918.82</u>

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

2020	972,321.56
2021	973,136.56

The accompanying Notes to Financial Statements are an integral part of this statement

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

	2021	2020
Beginning Balance January 1	\$ 149,069.66	85,504.68
Increased by:		
Cancellation of Improvement Authorizations	-	63,564.98
Decreased by:		
Anticipated Revenue in Current Fund	65,000.00	-
Ending Balance December 31	\$ 84,069.66	149,069.66

The accompanying Notes to Financial Statements are an integral part of this statement

EXHIBIT D - SEWER UTILITY

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

	2021	2020
<u>ASSETS</u>		
Operating Fund:		
Cash and Investments	\$ 4,050,752.39	3,064,806.97
Change Fund	400.00	400.00
Due from Current Fund	7,400.91	7,400.91
	4,058,553.30	3,072,607.88
Receivables and Other Assets with Full Reserves:		
Consumer Accounts Receivable	123,608.57	136,993.20
Sewer Liens	5,048.38	3,899.38
	128,656.95	140,892.58
Total of Operating Fund	4,187,210.25	3,213,500.46
Capital Fund:		
Due from Current Fund	1,490,832.00	1,490,832.00
Due from Sewer Operating Fund	1,785,399.94	1,142,857.67
Fixed Capital -		
Complete	9,475,727.42	9,475,727.42
Authorized and Uncompleted	6,351,750.00	5,030,000.00
Total of Capital Fund	19,103,709.36	17,139,417.09
Total Assets	\$ 23,290,919.61	20,352,917.55

The accompanying Notes to Financial Statements are an integral part of this statement

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

	2021	2020
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Operating Fund:		
Liabilities:		
Appropriation Reserves	\$ 139,062.20	95,562.81
Encumbrances Payable	79,322.48	35,306.13
Sewer Rent Prepayments	28,567.88	20,806.70
Due to Sewer Capital	1,785,399.94	1,142,857.67
Accrued Interest on Bonds and Notes	28,102.50	32,035.83
	2,060,455.00	1,326,569.14
Reserve for Receivables	128,656.95	140,892.58
Fund Balance	1,998,098.30	1,746,038.74
Total of Operating Fund	4,187,210.25	3,213,500.46
Capital Fund:		
Encumbrances Payable	228,333.06	562,599.14
Improvement Authorizations		
Funded	526,000.00	632,080.17
Unfunded	2,310,756.00	1,246,105.00
Bond Anticipation Notes Payable	2,321,000.00	1,000,000.00
Serial Bonds Payable	2,729,000.00	3,039,000.00
NJEIT Bonds Payable	395,410.50	536,515.75
Reserve to Pay Debt	85,146.60	66,159.08
Reserves for Amortization	10,004,402.51	9,553,297.26
Deferred Reserve for Amortization	91,914.41	91,914.41
Fund Balance	411,746.28	411,746.28
Total of Capital Fund	19,103,709.36	17,139,417.09
Total Liabilities, Reserves and Fund Balance	\$ 23,290,919.61	20,352,917.55

There were Bonds and Notes Authorized But Not Issued at December 31,

2020	285,000.00
2021	285,750.00

The accompanying Notes to Financial Statements are an integral part of this statement

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

	2021	2020
<u>Revenue and Other Income Realized</u>		
Fund Balance Anticipated	\$ 25,000.00	104,200.00
Rents	2,763,036.63	2,721,085.51
Miscellaneous	77,093.27	85,495.49
Other Credits to Income:		
Unexpended Balance of Appropriation Reserves	92,244.65	85,150.41
		-
Total Income	2,957,374.55	2,995,931.41
<u>Expenditures</u>		
Operations:		
Salaries and Wages	581,270.00	607,000.00
Other Expenses	386,830.00	374,000.00
Atlantic County Utility Authority	1,100,000.00	1,100,000.00
Debt Service	572,214.99	556,329.11
Deferred Charges and Statutory Expenditures	40,000.00	40,000.00
Total Expenditures	2,680,314.99	2,677,329.11
Excess in Revenues	277,059.56	318,602.30
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	277,059.56	318,602.30
Fund Balance January 1	1,746,038.74	1,531,636.44
Decreased by:		
Utilization as Anticipated Revenue	25,000.00	104,200.00
Fund Balance December 31	\$ 1,998,098.30	1,746,038.74

The accompanying Notes to Financial Statements are an integral part of this statement

**SEWER UTILITY CAPITAL FUND
STATEMENT OF CAPITAL FUND BALANCE
REGULATORY BASIS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2021</u>	<u>2020</u>
Balance January 1,	\$ 411,746.28	395,546.28
Increased By:		
Cancellation of Improvement Authorization	-	16,200.00
Balance December 31,	<u>\$ 411,746.28</u>	<u>411,746.28</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Antic. Budget	Realized	Excess Or (Deficit)
	<u> </u>	<u> </u>	<u> </u>
Operating Surplus Anticipated	\$ 25,000.00	25,000.00	-
Rents - Sewer	2,662,000.00	2,763,036.63	101,036.63
	<u>\$ 2,687,000.00</u>	<u>2,788,036.63</u>	<u>101,036.63</u>

Analysis of Realized RevenueRents

Consumer Accounts Receivable \$ 2,763,036.63

Miscellaneous

Interest on Delinquent Rents 16,689.74

Interest Earned 37,225.27

Interest & Costs 828.26

Egg Harbor Township Shared Service 12,900.00

Miscellaneous 9,450.00

\$ 77,093.27

The accompanying Notes to Financial Statements are an integral part of this statement

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

	Appropriations		Expended			(Overexpended) Unexpended Balance Cancelled
	Budget	Budget After Modification	Paid or Charged	Encumbered	Reserved	
OPERATING						
Salaries and Wages	\$ 581,270.00	581,270.00	537,680.18	40,000.00	3,589.82	
Other Expenses	386,830.00	386,830.00	306,199.14	25,322.48	55,308.38	
ACUA - Share of Costs	1,100,000.00	1,100,000.00	1,005,836.00	14,000.00	80,164.00	
	<u>2,068,100.00</u>	<u>2,068,100.00</u>	<u>1,849,715.32</u>	<u>79,322.48</u>	<u>139,062.20</u>	<u>-</u>
DEBT SERVICE						
Payment on Bond Principa and Capital Notes	451,200.00	451,200.00	451,105.25			94.75
Interest on Bonds	115,200.00	115,200.00	111,137.52	-		4,062.48
Interest on Notes	12,500.00	12,500.00	9,972.22			2,527.78
	<u>578,900.00</u>	<u>578,900.00</u>	<u>572,214.99</u>	<u>-</u>	<u>-</u>	<u>6,685.01</u>
DEFERRED CHARGES AND STATUTORY EXPENDITURES						
Deferred Charges						
None						
Contribution to: Social Security System (O.A.S.I.)	40,000.00	40,000.00	40,000.00			
	<u>40,000.00</u>	<u>40,000.00</u>	<u>40,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,687,000.00</u>	<u>2,687,000.00</u>	<u>2,461,930.31</u>	<u>79,322.48</u>	<u>139,062.20</u>	<u>6,685.01</u>
		Accrued Interest \$ 121,109.74			Cancelled	6,685.01
		Deferred Charges 0.00			Overexpended	0.00
		Disbursed 2,340,820.57				<u>6,685.01</u>
		<u>\$ 2,461,930.31</u>				

The accompanying Notes to Financial Statements are an integral part of this statement

EXHIBIT E - GENERAL FIXED ASSETS

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

	<u>2021</u>	<u>2020</u>
General Fixed Assets:		
Land and Improvements	\$ 8,367,676.50	8,367,676.50
Buildings and Improvements	6,494,125.83	6,169,936.93
Machinery and Equipment	9,594,044.48	8,818,743.38
Total General Fixed Assets	<u>24,455,846.81</u>	<u>23,356,356.81</u>
Investment in General Fixed Assets	<u>\$ 24,455,846.81</u>	<u>23,356,356.81</u>

The accompanying Notes to Financial Statements are an integral part of this statement

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NOTES TO FINANCIAL STATEMENTS

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Somers Point include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Somers Point, 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. The City has no component units.

B. Description of Funds

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

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

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

C. Basis of Accounting

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

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

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 unencumbered appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis; interest on utility capital indebtedness is on the accrual basis. Compensated absences are treated on a pay as you go basis with no amount charged to operations in the year incurred.

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

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

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

General Fixed Assets -- The City has developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

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

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$3,000 are capitalized. No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the 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 balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents charges to operations for the costs of acquisitions of property, equipment and improvements. The utility does not record depreciation on fixed assets.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

Interest on Delinquent Taxes – It is the policy of the City of Somers Point to collect interest for the nonpayment of taxes or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500.00 becoming delinquent after due date and if a delinquency is in excess of \$10,000.00 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten day grace period.

Levy of Utility Charges – The City operates a sewer utility fund. Rates are determined by ordinance and changed as necessary. Sewer charges are based on flat fees and usage based on the type of entity. Charges are billed annually and due in semi-annually installments on March 1, and September 1.

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

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

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

D. Required Financial Statements

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

E. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the 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.

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

F. Recent Accounting Pronouncements Not Yet Effective

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

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

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

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32”. This statement will not have any effect on the City’s financial reporting.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2021 and 2020 statutory budgets included a reserve for uncollected taxes in the amount of \$1,169,716.16 and \$1,200,442.53. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2021 and 2020 statutory budgets was \$2,314,000.00 and \$1,996,211.22. In addition, the City operates a self-liquidating sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the City. The utility budget must be a balanced cash basis budget with fund balance being used to balance the budget. The amount of fund balance budgeted to balance the 2021 and 2020 utility budgets was \$25,000.00 and \$104,200.00.

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

Budget Category	2021	2020
<u>Current Fund</u>		
Data Processing		
Other Expenses	\$ -	70,000.00
Street Lighting		
Other Expenses	25,000.00	-
Department of Parks and Recreation Facilities		
Salaries and Wages	-	(21,000.00)
Utility Operating Fund		
None		-

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

Budget Category	2021	2020
Drunk Driving Enforcement	\$ 9,516.16	-
NJ OEM_PDM_C Grant		
Exton Road Pump Station	-	287,887.50
Clean Communities	28,577.74	26,850.14

The City may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budgets of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. During 2021 and 2020, City Council did not approve any emergency appropriations.

Note 3: INVESTMENTS

As of December 31, 2021 and 2020, the municipality had no investments, other than as noted below.

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 types 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 can invest in any one issuer.

Investments – Length of Service Award Program (LOSAP)

As more fully described in Note 18, the City has created a Length of Service Award Program (LOSAP) for emergency service volunteers. The LOSAP investments are similar to those allowed in a deferred compensation program as specified in NJSA 43:15B-1 et seq. except that all investments are retained in the name of the City. All investments are valued at fair value. In accordance with NJAC 5:30-14.37 the investments are maintained by MassMutual, which is an authorized provider approved by the Division of Local Government Services. The balance in the account on December 31, 2021 and 2020 amounted to \$233,644.19 and \$221,244.19, respectively.

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2021 and 2020, \$0 of the municipality's bank balance \$16,296,306.86 and of \$13,837,651.54 was exposed to custodial credit risk.

Note 5: FIXED ASSETS

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

	Balance 12/31/2020	Additions	Retirements/ Adjustments	Balance 12/31/2021
Land and Improvements	\$ 8,367,676.50			8,367,676.50
Buildings and Improvements	6,169,936.93	324,188.90		6,494,125.83
Machinery and Equipment	8,818,743.38	775,301.10		9,594,044.48
	<u>\$ 23,356,356.81</u>	<u>1,099,490.00</u>	<u>-</u>	<u>24,455,846.81</u>

	Balance 12/31/2019	Additions	Retirements/ Adjustments	Balance 12/31/2020
Land and Improvements	\$ 8,367,676.50			8,367,676.50
Buildings and Improvements	5,202,670.05	967,266.88		6,169,936.93
Machinery and Equipment	8,611,236.00	561,690.38	(354,183.00)	8,818,743.38
Lease-Purchases (Copiers)	10,189.20		(10,189.20)	-
	<u>\$ 22,191,771.75</u>	<u>1,528,957.26</u>	<u>(364,372.20)</u>	<u>23,356,356.81</u>

Note 6: SHORT-TERM OBLIGATIONS

	Balance 12/31/20	Issued	Retired	Balance 12/31/21
Bond Anticipation Notes payable:				
General	\$ 2,500,000.00	4,264,000.00	2,500,000.00	4,264,000.00
Utility	1,000,000.00	2,321,000.00	1,000,000.00	2,321,000.00
	<u>\$ 3,500,000.00</u>	<u>6,585,000.00</u>	<u>3,500,000.00</u>	<u>6,585,000.00</u>
	Balance 12/31/19	Issued	Retired	Balance 12/31/20
Bond Anticipation Notes payable:				
General	\$ -	2,500,000.00		2,500,000.00
Utility	-	1,000,000.00		1,000,000.00
	<u>\$ -</u>	<u>3,500,000.00</u>	<u>-</u>	<u>3,500,000.00</u>

The bond anticipation note outstanding as of December 31, 2021 is held by Piper Sandler & Co. and will mature on December 20, 2022. Interest at a rate of 1.25% per annum is due upon maturity.

Note 7: LONG TERM DEBT.

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Balance 12/31/2020	Issued	Retired	Balance 12/31/2021	Amounts Due Within One Year
Bonds payable:					
General	\$ 12,821,000.00		1,510,000.00	11,311,000.00	1,571,000.00
Utility	3,575,515.75		451,105.25	3,124,410.50	475,105.25
Total	<u>16,396,515.75</u>	-	<u>1,961,105.25</u>	<u>14,435,410.50</u>	<u>2,046,105.25</u>
Other liabilities:					
Compensated Absences Payable	<u>1,255,765.22</u>	<u>100,832.65</u>	<u>220,849.58</u>	<u>1,135,748.29</u>	<u>48,560.19</u>
Total long-term liabilities	<u>\$ 17,652,280.97</u>	<u>100,832.65</u>	<u>2,181,954.83</u>	<u>15,571,158.79</u>	<u>2,094,665.44</u>

	Balance 12/31/19	Issued	Retired	Balance 12/31/2020	Amounts Due Within One Year
Bonds payable:					
General	\$ 14,241,000.00		1,420,000.00	12,821,000.00	1,510,000.00
Utility	4,007,621.00		432,105.25	3,575,515.75	451,105.25
Total	<u>18,248,621.00</u>	-	<u>1,852,105.25</u>	<u>16,396,515.75</u>	<u>1,961,105.25</u>
Other liabilities:					
Compensated Absences Payable	<u>1,177,347.95</u>	<u>176,915.70</u>	<u>98,498.43</u>	<u>1,255,765.22</u>	<u>139,242.40</u>
Total long-term liabilities	<u>\$ 19,425,968.95</u>	<u>176,915.70</u>	<u>1,950,603.68</u>	<u>17,652,280.97</u>	<u>2,100,347.65</u>

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

\$5,691,000 General Obligation Bonds dated 9/15/12 payable in annual installments through 9/15/22. Interest is paid semiannually at rates from 2.00% to 3.00% per annum. The balance remaining at December 31, 2021 was \$751,000.00.

\$12,030,000 General Improvement Bond dated 10/1/19 payable in annual installments through 10/1/2031. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. Bonds maturing on or after October 1, 2027 are redeemable at the option of the City, in whole or in part, on any date on or after October 1, 2026. The balance remaining as of December 31, 2021 was \$10,560,000.00.

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

\$910,000 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/25. Interest is paid semiannually at a rate of 5.00% per annum. The balance remaining as of December 31, 2021 was \$304,000.00. \$1,410,000.00 of bonds were originally anticipated to be issued however the project was complete and \$500,000.00 of the bonds were canceled. In May 2016, the City participated in the NJEIT refunding of this bond issue. As a result, the City was able to save a total of \$55,522.27 which consisted of \$37,000 of savings credit against the principal and \$18,522.27 of interest.

\$862,463.00 New Jersey Environmental Infrastructure Trust Bonds dated 12/2/10 payable in annual installments through 8/1/23 bearing no interest. The balance remaining as of December 31, 2021 was \$91,410.50. \$1,465,000.00 of bonds were originally anticipated to be issued however the project was complete and \$602,537.00 of the bonds were canceled.

\$1,109,000 Sewer Utility Bond dated 9/15/12 payable in annual installments through 9/15/22. Interest is paid semiannually at rates varying from 2.00% to 3.00% per annum. The balance remaining as of December 31, 2021 was \$119,000.00.

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

\$2,970,000 General Improvement Bond dated 10/1/19 payable in annual installments through 10/1/2031. Interest is paid semiannually at rates from 2.00% to 4.00% per annum. Bonds maturing on or after October 1, 2027 are redeemable at the option of the City, in whole or in part, on any date on or after October 1, 2026. The balance remaining as of December 31, 2021 was \$2,610,000.

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

Year	General		Sewer Utility		Total
	Principal	Interest	Principal	Interest	
2022	\$ 1,571,000.00	350,520.00	475,105.25	101,880.00	2,498,505.25
2023	940,000.00	302,700.00	313,305.25	87,650.00	1,643,655.25
2024	1,000,000.00	274,500.00	343,000.00	77,200.00	1,694,700.00
2025	1,065,000.00	244,500.00	353,000.00	65,350.00	1,727,850.00
2026	1,120,000.00	201,900.00	290,000.00	50,400.00	1,662,300.00
2027-2031	5,615,000.00	401,700.00	1,350,000.00	92,300.00	7,459,000.00
	<u>\$ 11,311,000.00</u>	<u>1,775,820.00</u>	<u>3,124,410.50</u>	<u>474,780.00</u>	<u>16,686,010.50</u>

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

As of December 31, 2021 the carrying value of the above bonds and notes approximates the fair value of the bonds. No interest was charged to capital projects during the year and the total interest charged to the current budget was \$420,850.55 and to the utility budget was \$121,109.74.

<u>Summary of Municipal Debt</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 15,575,000.00	15,321,000.00	14,241,000.00
Sewer Utility - Bonds and Notes	5,445,410.50	4,575,515.75	4,007,621.00
Total Issued	<u>21,020,410.50</u>	<u>19,896,515.75</u>	<u>18,248,621.00</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	973,136.56	972,321.56	718,700.00
Sewer Utility - Bonds and Notes	285,750.00	285,000.00	210,000.00
Total Authorized But Not Issued	<u>1,258,886.56</u>	<u>1,257,321.56</u>	<u>928,700.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>22,279,297.06</u>	<u>21,153,837.31</u>	<u>19,177,321.00</u>
<u>Deductions:</u>			
Reserve for Payment of Bonds Self-Liquidating Debt	5,731,160.50	4,860,515.75	4,217,621.00
Total Deductions	<u>5,731,160.50</u>	<u>4,860,515.75</u>	<u>4,217,621.00</u>
Net Debt	<u>\$ 16,548,136.56</u>	<u>16,293,321.56</u>	<u>14,959,700.00</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 1.392%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt	\$ 9,138,000.00	9,138,000.00	-
Regional School District Debt	9,273,955.08	9,273,955.08	-
Sewer Utility Debt	5,731,160.50	5,731,160.50	-
General Debt	16,548,136.56	-	16,548,136.56
	<u>\$ 40,691,252.14</u>	<u>24,143,115.58</u>	<u>16,548,136.56</u>

Net Debt \$16,548,136.56 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,189,025,064.67 = 1.39221020410.50-%.

The above information is in agreement with the Annual Debt Statement filed by the City of Somers Point.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$	41,615,877.26
Net Debt		16,548,136.56
Remaining Borrowing Power	\$	<u>25,067,740.70</u>

The City of Somers Point School District, as a K-8 school district, is permitted to borrow up to 3% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

Note 8: LEASE OBLIGATIONS

Operating Leases:

In November 2016, the City entered into an agreement to lease one (1) copy machine for the tax assessor's office under an operating lease. The term of the lease was 60 months and expired in October 2021. The monthly payment for the lease was \$128.59.

In July 2018, the City entered into an agreement to lease two (2) copy machines for the City Clerk's and Construction offices. The term of the lease is 60 months and it will expire in June 2023. The monthly payment for the lease is \$200.52.

The total operating lease payments were \$3,692.14 in 2021 and \$3,949.32 in 2020.

Capital Leases

The City was leasing six (6) Dodge Charger police sedans totaling \$158,554.80 under a capital lease. Annual lease payments were made to Ford Motor Credit Company and included interest at a rate of 7.50% per annum. The final lease payment was made on September 10, 2021.

The following is a schedule of the future minimum lease payments under these leases and the net minimum lease payments at December 31, 2020.

	<u>Year</u>	<u>Operating</u>
	2022	2,406.24
	2023	1,203.12
	2024	-
Total minimum lease payments	\$	<u>3,609.36</u>

Note 9: FUND BALANCES APPROPRIATED

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

		<u>2022</u>	<u>2021</u>
Current Fund	\$	2,685,000.00	2,314,000.00
Sewer Utility Fund		114,100.00	25,000.00

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

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total amount of fund balance available to the City to appropriate in the 2022 budget is \$2,838,447.79 for the current fund and \$1,998,098.30 for the utility fund.

Note 10: SCHOOL TAXES

Local District School Tax in the amounts of \$11,145,109.00 and \$11,042,286.00 have been raised for the 2021 and 2020 calendar years, respectively and \$11,142,392.00 and \$11,137,933.00 was remitted to the school district leaving a balance due of \$2,717.00.

Regional High School Tax in the amounts of \$8,403,128.00 and \$7,965,171.00 have been raised for the 2021 and 2020 calendar years, respectively and \$8,403,128.50 and \$7,965,405.50 remitted to the school district leaving an \$10.92 balance payable.

Note 11: TAXES COLLECTED IN ADVANCE

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

	Balance 12/31/2021	Balance 12/31/2020
Prepaid Taxes	\$ 429,231.78	382,472.11
Cash Liability for Taxes Collected in Advance	\$ 429,231.78	382,472.11

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), a 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 PERS 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.

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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 (N.J.S.A. 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 N.J.S.A. 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 City's contributions to PERS for the years ended December 31, 2021, 2020, and 2019 were \$414,519.20, \$379,249.62, and \$382,875.00.

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 City's contributions to PFRS for the years ended December 31, 2021, 2020, and 2019 were \$775,344.00, \$765,579.00, and \$761,249.00.

The total payroll for the year ended December 31, 2021, 2020, and 2019 was \$6,526,806.71, \$6,930,525.29, and \$6,251,375.65. Payroll covered by PFRS was \$2,595,614.00, \$2,508,416.00, and \$2,348,898.00. Payroll covered by PERS was \$2,699,764.00, \$2,874,668.00, and \$2,749,853.00.

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 ¼ of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of

**CITY OF SOMERS POINT
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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 1/60th from 1/55th, and it provided that new members of PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for social security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the Prosecutors Part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time 5 years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined a 1/7th of the required amount, beginning in fiscal years 2012.

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

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

Note 13: PENSION LIABILITIES

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

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

Public Employees' Retirement System

The Municipality has a liability of \$6,170,573 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.03783913020%, which would be a decrease of 1.56% from its proportion measured as of June 30, 2018.

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For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$141,046. At December 31, 2020, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 112,356	\$ (21,822)
Changes of assumptions	200,180	(2,583,677)
Changes in proportion	63,236	(129,817)
Net difference between projected and actual earnings on pension plan investments	210,915	
Total	<u>\$ 586,687</u>	<u>\$ (2,735,316)</u>

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

Year ended June 30,	
2021	\$ (799,055)
2022	(728,495)
2023	(416,316)
2024	(168,351)
2025	(36,411)
Total	<u>\$ (2,148,629)</u>

Actuarial Assumptions

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

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

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%

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
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adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were base on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2019.

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

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

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 7,349,135	\$ 6,170,573	\$ 5,171,817

Pension plan fiduciary net position.

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

Police and Firemen's Retirement System

The Municipality has a liability of \$8,967,713 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.06940245510%, which would be a decrease of 8.43% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$325,021. At December 31, 2020, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 90,410	\$ (32,184)
Changes of assumptions	22,567	(2,404,190)
Changes in proportion	28,687	
Net difference between projected and actual earnings on pension plan investments	525,819	(1,191,225)
Total	<u>\$ 667,483</u>	<u>\$ (3,627,599)</u>

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

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Year ended June 30,	
2021	\$ (1,381,384)
2022	(932,267)
2023	(379,532)
2024	(143,374)
2025	(123,559)
Total	<u><u>\$ (2,960,116)</u></u>

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 11,590,336	\$ 8,967,713	\$ 6,789,482

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

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

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.06940245510% for 2020. The net pension liability amount allocated to the Municipality was \$1,391,748. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$157,727 is allocated to the Municipality.

Pension plan fiduciary net position.

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

Note 14: OTHER POST-RETIREMENT BENEFITS

General Information about the Plan:

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

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

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

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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 City these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2020 were \$5,512,481,278 and \$12,598,993,950, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2019 through June 30, 2020. Employer and non-employer allocation percentages have been rounded for presentation purposes.

Special Funding Situation:

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

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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, 2020 is as follows:

	Collective Total	Proportionate Share
Total OPEB Liability	\$ 18,111,485,228	\$ 10,950,379
Plan Fiduciary Net Position	164,862,282	99,677
Net OPEB Liability	<u>\$ 17,946,622,946</u>	<u>\$ 10,850,702</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	0.91%

At June 30, 2020 the City's proportionate share of the Collective Net OPEB Liability was \$10,850,702. The State's proportionate share for the Special Funding Situation that is associated with the City is \$8,543,971. The City's proportion of the Collective Net OPEB Liability was 0.060461% which was an increase from the prior year of 7.32%. The State's proportionate share attributable to the City of the Collective Net OPEB Liability for the Special Funding Situation was 0.156417% which was an increase from the prior year of 19.57%.

City's Proportionate Share of Collective Net OPEB Liability	\$ 10,850,702
State's proportionate share that is associated with the City	8,543,971
Total	<u>\$ 19,394,673</u>

For the Year ended June 30, 2020 the City's Total OPEB Expense was \$(76,190) and the State of New Jersey realized Total OPEB Expense in the amount of \$425,321 for its proportionate share of Total OPEB Expense that is associated with the City.

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

**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

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

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

Mortality:

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

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

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

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

Health Care Trend Assumptions

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

Discount Rate

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

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>1% Decrease (1.21%)</u>	<u>Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Collective			
Net OPEB Liability	\$ 21,216,688,254	\$ 17,946,612,946	\$ 15,358,051,000
Proportionate Share			
Net OPEB Liability	\$ 12,827,822	\$ 10,850,702	\$ 9,285,632

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

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Collective			
Net OPEB Liability	\$ 14,850,840,718	\$ 17,946,612,946	\$ 22,000,569,109
Proportionate Share			
Net OPEB Liability	\$ 8,978,967	\$ 10,850,702	\$ 13,301,765

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

At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	<u>Collective Totals</u>		<u>Proportionate Share</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 472,699,992	\$ (3,341,994,109)	\$ 6,891	\$ (2,020,603)
Changes of assumptions	2,684,248,513	(3,991,049,511)	1,622,923	(2,413,028)
Net difference between projected and actual earnings on OPEB plan investments	11,397,084		285,799	
Changes in proportion and differences between contributions and proportionate share of contributions			803,068	(1,472,062)
Total	<u>\$ 3,168,345,589</u>	<u>\$ (7,333,043,620)</u>	<u>\$ 2,718,681</u>	<u>\$ (5,905,693)</u>

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:

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Year ended June 30,	Collective Totals	Proportionate Share
2021	\$ (964,720,007)	\$ (738,247)
2022	(965,594,678)	(738,916)
2023	(967,008,484)	(739,998)
2024	(968,300,349)	(740,986)
2025	(660,258,014)	(505,259)
Thereafter	361,183,501	276,394
Total	<u>\$ (4,164,698,031)</u>	<u>\$ (3,187,012)</u>

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

Collective OPEB Expenses reported by the State of New Jersey

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

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

Schedule of City's Share of Net OPEB Liability

	2020	2019	2018
City's Proportionate Share of Net OPEB Liability	0.007145%	0.563350%	0.061798%
City's Share of Net OPEB Liability	\$ 10,850,702	7,631,179	9,681,657
City's Covered Payroll	2,874,668	2,749,853	2,739,512
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	377.46%	277.51%	353.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	1.97%	1.98%

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 15: ACCRUED SICK AND VACATION BENEFITS

In accordance with Civil Service regulations, 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 \$1,135,748.29 in 2021 and \$1,255,765.22 in 2020. This amount is not reported either as an expenditure or liability due to the likelihood of all employees terminating in one fiscal year being improbable. It is the City's policy to negotiate the final amount of each payment of accrued sick and vacation pay on an individual basis. Although more days may be accrued, the final amount cannot exceed: 180 days for members of Police Mainland Local #77; \$20,000 for members of Teamsters Local #115; and contractual limitations for individuals with personal service contracts. The amount shown above represents the total number of days of unpaid compensation without taking the 180 day limitation into account. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absences liability. The City does not accrue the liability.

Note 16: ECONOMIC DEPENDENCY

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

Note 17: 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 year ended December 31, 2021 and 2020 the City did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

The City is a member of the Atlantic County Joint Insurance Fund (JIF) and the Municipal Excess Liability Fund (MEL) which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a general liability limit of \$100,000 under JIF, which increases to \$5,000,000 under MEL.

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	Employee Contributions	Interest Earned	Amount Reimbursed	Ending Balance
2021	\$ 20,000.00	11,596.14	-	9,100.99	127,588.29
2020	20,000.00	9,178.50	-	3,371.69	105,093.14
2019	20,000.00	7,066.05	-	17,833.83	79,286.33

**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 18: LENGTH OF SERVICE AWARDS PROGRAM

During the year 2001 the voters of the City of Somers Point approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who are performing qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP will also comply with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document.

Note 19: DEFERRED COMPENSATION

Employees of the City of Somers Point 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.

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

As part of its fiduciary role, the 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 20: CONTINGENT LIABILITIES

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

Note 21: INTERFUND BALANCES

During the most current calendar year ended December 31, 2021, the following interfunds were included on the balance sheets of the various funds of the City of Somers Point:

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**CITY OF SOMERS POINT
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Federal and State Grant Fund	\$	586,914.50
Animal Control Fund	51,544.55	
General Capital Fund	165,000.00	
Sewer Operating Fund		7,400.91
Sewer Capital Fund		1,490,832.00
 Federal and State Grant Fund		
Current Fund	586,914.50	
 Animal Control Fund		
Current Fund		51,544.55
 Trust Funds - Other		
General Capital	350.00	
 General Capital Fund		
Current Fund		165,000.00
Trust Fund - Other		350.00
 Sewer Utility Operating Fund		
Current Fund	7,400.91	
Sewer Utility Capital Fund		1,785,399.94
 Sewer Utility Capital Fund		
Current Fund	1,490,832.00	
Sewer Utility Operating Fund	<u>1,785,399.94</u>	
	\$ <u><u>4,087,441.90</u></u>	<u><u>4,087,441.90</u></u>

Neither the Grant Fund nor the Sewer Utility Capital Fund have bank accounts. This has caused the interfunds to be created. The remaining interfunds are due to amounts that should have been transferred to the proper bank accounts.

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**CITY OF SOMERS POINT
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED DECEMBER 31, 2021 AND 2020**

Note 22: SUBSEQUENT EVENTS

Capital Ordinances

On June 23, 2022, City Council adopted the following bond ordinances which will increase the City's authorized debt.

<u>Ordinance #</u>	<u>Purpose</u>	<u>Total Appropriated</u>	<u>Debt Authorized</u>	<u>Date Adopted</u>
12-2022	Various General Improvements	\$3,055,000.00	2,902,250.00	6/23/2022
13-2022	Various Sewer Improvements	1,458,000.00	1,458,000.00	6/23/2022

The capital ordinances include the acquisition of public safety equipment for both the police and fire departments; purchase of a beach groomer, pick-up truck and salt truck for public works; improvements to municipal facilities, including replacement of heater/boiler; purchase of computers, and software upgrades; municipal roadway improvements; and replacements, improvements, and renovations to various pump stations, mains, and other system components.

Other

The City has evaluated subsequent events through July 8, 2022, the date which the financial statements were available to be issued and identified no events requiring disclosure.

SUPPLEMENTARY INFORMATION

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FORD - SCOTT

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

To the Honorable Mayor and
Members of the City Council
City of Somers Point
County of Atlantic, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the City of Somers Point, State of New Jersey, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 8, 2022, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the City of Somers Point prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey.

Report Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

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

July 8, 2022

Schedule of Financial Statement Findings

NONE

***Schedule of Federal Awards and State Financial Assistance Findings
and Questioned Costs***

NONE

STATUS OF PRIOR RECOMMENDATIONS

NONE

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		Current Fund
Balance December 31, 2020	\$	5,705,828.50
Increased by Receipts:		
Tax Collector		37,637,946.64
Revenue Accounts Receivable		2,266,134.20
Miscellaneous Revenue		355,363.24
Due from State - Senior Citizens and Veterans		72,063.70
Due from State - Homestead Rebates		332,797.03
Due from Federal and State Grant Fund		936,017.96
Due from General Capital Fund		264,191.08
Due from Other Trusts		9,100.99
Due to State - Marriage Licenses		1,600.00
Due to State - CCO		10,060.00
Change Fund		400.00
		41,885,674.84
		47,591,503.34
Decreased by Disbursements:		
Current Year Appropriation		13,221,648.91
Prior Year Appropriations		445,109.76
County Taxes		6,265,332.32
Added & Omitted County Taxes		5,536.06
Local District School Taxes		11,142,392.00
Regional School Taxes		8,403,128.50
Refund of Tax Overpayments		19,827.64
Due to Animal Control Fund		972.16
Due to Trust Funds		10,850.99
Due to State - Marriage Licenses		1,400.00
Due to State - CCO		23,937.00
Change Fund		400.00
Federal and State Disbursements		591,651.88
		40,132,187.22
Balance December 31, 2021	\$	7,459,316.12

See Accompanying Auditor's Report

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

Balance December 31, 2020		\$ 703,872.84
Increased by Receipts:		
Prepaid Taxes	429,231.78	
Taxes Receivable	36,644,782.73	
Revenue Accounts Receivable	117,110.46	
Miscellaneous Revenue	1,795.01	
Tax Title and Other Liens	-	
	<u> </u>	<u>37,192,919.98</u>
		37,896,792.82
Payments to Treasurer		<u>37,637,946.64</u>
Balance December 31, 2021		\$ <u><u>258,846.18</u></u>

See Accompanying Auditor's Report

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

Year	Balance Dec. 31, 2020	Current Year Levy	Added Taxes	Overpayments Created	Collections by Cash		Overpayments Applied	Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2021
					2020	2021				
Arrears	\$ 2,233.74									2,233.74
2020	578,812.23		3,582.73			580,840.93	1,547.33			6.70
	581,045.97		3,582.73			580,840.93	1,547.33			2,240.44
2021		37,218,043.77	29,668.17	25,847.05	382,472.11	36,470,488.83	119,054.71	(77,273.17)	27,229.73	351,586.78
	\$ 581,045.97	37,218,043.77	33,250.90	25,847.05	382,472.11	37,051,329.76	120,602.04	(77,273.17)	27,229.73	353,827.22
						36,644,782.73	Cash Receipts			
						332,797.03	Homestead Benefit			
						73,750.00	Senior Citizens and Veterans			
						<u>37,051,329.76</u>				
Analysis of Current Year Tax Levy										
Tax Yield:										
			37,218,043.77							
			General Property Tax							
			Added Taxes (54:4-63.1 et. Seq.)			29,668.17				
			<u>37,247,711.94</u>							
Tax Levy:										
			General County Taxes			5,497,185.64				
			County Library Taxes			415,550.31				
			County Open Space Taxes			58,115.26				
			County Health Taxes			294,481.11				
			County Added and Omitted Taxes			5,003.31				
			Total County Taxes			<u>6,270,335.63</u>				
			Local School District Tax			11,145,109.00				
			Regional School District Tax			8,403,128.00				
			Local Tax for Municipal Purposes			11,399,563.33				
			Add: Additional Tax Levied			29,575.98				
			<u>11,429,139.31</u>							
			<u>37,247,711.94</u>							

See Accompanying Auditor's Report

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

Balance December 31, 2020		\$ 188,913.95
Increased by:		
Transfers from Taxes Receivable	27,229.73	
Interest and Costs Accrued by Sale	1,215.75	
	<u> </u>	<u>28,445.48</u>
		217,359.43
Decreased by:		
Collections	-	
Other	-	
	<u> </u>	<u> </u>
Balance December 31, 2021		\$ <u><u>217,359.43</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2020	Accrued in 2020	Collected by		Balance Dec. 31, 2021
			Collector	Treasurer	
Licenses:					
Alcoholic Beverages		24,630.00		24,630.00	
Fees and Permits		43,833.00		43,833.00	
Municipal Court	4,484.05	109,717.33		104,333.05	9,868.33
Interest and Costs on Taxes		117,110.46	117,110.46		
Interest Earned on Investments		124,747.97		124,747.97	
Fees and Permits - Chapter 115 Inspections		119,505.00		119,505.00	
Cable Television Franchise Fees		48,448.29		48,448.29	
Hotel Fee		196,271.85		196,271.85	
Energy Receipts Tax		967,096.00		967,096.00	
Uniform Construction Code Fees		187,756.00		187,756.00	
Uniform Fire Safety Act		-			
Reserve to Pay Bonds		100,000.00		100,000.00	
Bayview Court - PILOT		131,608.04		131,608.04	
Shore Memorial Hospital		217,905.00		217,905.00	
Miscellaneous Revenue Not Anticipated		357,158.25	1,795.01	355,363.24	
	<u>4,484.05</u>	<u>2,745,787.19</u>	<u>118,905.47</u>	<u>2,621,497.44</u>	<u>9,868.33</u>
			Cash	2,621,497.44	
				<u>2,621,497.44</u>	

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
\$						
OPERATIONS WITHIN "CAPS"						
GENERAL GOVERNMENT:						
Mayor and Council						
Salaries and Wages	500.00	500.00			500.00	
Other Expenses	41,762.45	35,762.45	4,157.50		31,604.95	
Department of General Administration						
Salaries and Wages	25,590.56	25,590.56			25,590.56	
Other Expenses	31,539.73	31,539.73	1,175.42		30,364.31	
Department of City Clerk						
Salaries and Wages	2,482.40	2,482.40			2,482.40	
Other Expenses	35,616.82	35,616.82	20,551.51		15,065.31	
Data Processing						
Other Expenses	31,922.46	31,922.46	31,922.46		-	
Department of Finance						
Salaries and Wages	9,447.77	9,447.77			9,447.77	
Other Expenses	11,668.06	11,668.06	7,172.06		4,496.00	
Annual Audit						
Other Expenses	5,400.00	5,400.00	3,500.00		1,900.00	
Department of Tax Assessment						
Salaries and Wages	1,000.00	1,000.00			1,000.00	
Other Expenses	3,023.12	3,023.12	1,757.18		1,265.94	
Department of Tax Collection						
Salaries and Wages	23,697.78	23,697.78			23,697.78	
Other Expenses	5,613.72	5,613.72	1,554.50		4,059.22	
Legal Services and Costs						
Other Expenses	64,358.65	64,358.65	26,724.52	2,083.20	35,550.93	
Municipal Prosecutor						
Other Expenses	4,250.04	4,250.04	1,550.00		2,700.04	
Engineering Services and Costs						
Other Expenses	5,460.00	5,460.00			5,460.00	
Public Buildings and Grounds						
Salaries and Wages	17,519.71	17,519.71			17,519.71	
Other Expenses	10,460.80	10,460.80	7,654.44		2,806.36	
Vehicle Maintenance	45,816.63	45,816.63	15,681.97		30,134.66	
Planning Board						
Other Expenses	10,333.54	10,333.54	31.08		10,302.46	
Zoning Board						
Other Expenses	8,045.22	8,045.22	142.69		7,902.53	

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
PUBLIC SAFETY						
Department of Fire	6,479.60	6,479.60	4,463.31		2,016.29	
Other Expenses						
Department of Police	488,101.61	488,101.61	113,793.13		374,308.48	
Salaries and Wages	40,506.20	40,506.20	26,620.29		13,885.91	
Other Expenses						
Department of Communications	10,550.76	10,550.76	741.19		9,809.57	
Salaries and Wages	18,500.00	18,500.00			18,500.00	
Other Expenses						
Department of Emergency Management	500.00	500.00			500.00	
Salaries and Wages	2,594.91	2,594.91	520.00		2,074.91	
Other Expenses						
Bureau of Fire Prevention	2,000.00	2,000.00			2,000.00	
Salaries and Wages	1,742.00	1,742.00			1,742.00	
Other Expenses						
Department of Zoning/Code Enforcement	7,844.00	7,844.00			7,844.00	
Salaries and Wages	40,000.00	40,000.00		40,000.00	-	
Other Expenses						
Emergency Medical Services	5,000.00	5,000.00			5,000.00	
Other Expenses						
PUBLIC WORKS						
Department of Public Works	13,920.00	13,920.00	572.53		13,347.47	
Salaries and Wages	21,808.79	21,808.79	8,388.28		13,420.51	
Other Expenses						
Division of Sanitation	38,816.00	38,816.00	14,620.77		24,195.23	
Salaries and Wages	26,750.88	26,750.88	20,833.81		5,917.07	
Other Expenses	17,587.89	23,587.89	17,587.89		6,000.00	
Sanitation - Transfer Fee						
HEALTH AND WELFARE						
Animal Control Services	4,400.00	4,400.00	4,000.00		400.00	
Other Expenses						
RECREATION AND EDUCATION						
Department of Parks and Recreation Programs	11,318.00	11,318.00			11,318.00	
Salaries and Wages	28,574.24	28,574.24	6,388.11		22,186.13	
Other Expenses						
Department of Parks and Recreation Facilities	30,155.38	30,155.38			30,155.38	
Salaries and Wages	15,551.56	15,551.56	1,188.74	75.00	14,287.82	
Other Expenses						
Environmental Commission	2,000.00	2,000.00			2,000.00	
Other Expenses						

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
Economic Development and Advisory Commission						
Other Expenses	44,786.35	44,786.35	1,420.02		43,366.33	
Historic Preservation Commission						
Other Expenses	3,000.00	3,000.00			3,000.00	
Arts Commission						
Other Expenses	447.09	447.09			447.09	
MUNICIPAL COURT						
Municipal Court						
Salaries and Wages	15,201.85	15,201.85			15,201.85	
Other Expenses	14,382.61	14,382.61	2,212.96		12,169.65	
Public Defender (P.L. 1997, C.256)						
Other Expenses	3,850.00	3,850.00	350.00		3,500.00	
INSURANCE						
General Liability	12,127.52	12,127.52			12,127.52	
Workers Compensation Insurance	5,333.48	5,333.48			5,333.48	
Employee Group Health	122,058.75	122,058.75	2,500.00		119,558.75	
Surety Bond Premiums	1,000.00	1,000.00			1,000.00	
Health Waiver - Employee Opt Out	5,503.79	5,503.79			5,503.79	
Municipal Services Act						
Other Expenses	70,595.01	70,595.01	44,233.93	26,361.08	-	
Apartment Trash Collection						
Other Expenses	46,000.00	46,000.00	43,255.03		2,744.97	
STATE UNIFORM CONSTRUCTION CODE						
Construction Official						
Salaries and Wages	31,082.36	31,082.36			31,082.36	
Other Expenses	3,005.20	3,005.20	270.05		2,735.15	
UNCLASSIFIED						
Gasoline	29,771.73	29,771.73	3,435.56		26,336.17	
Diesel Fuel	16,781.82	16,781.82	4,002.56		12,779.26	
Fire Hydrant Water	5,384.10	5,384.10			5,384.10	
Electric	34,976.79	34,976.79			34,976.79	
Street Lighting	8,017.41	8,017.41			8,017.41	
Telephone	240.91	240.91	136.27		104.64	
Natural Gas	11,786.17	11,786.17			11,786.17	
Water	17,444.00	17,444.00			17,444.00	

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2020	Balance After Transfers	Paid or Charged	Accounts Payable	Balance Lapsed	Over- Expended
Fuel #2	1,000.00	1,000.00			1,000.00	
Waste Water	1,908.00	1,908.00			1,908.00	
Telecommunications Costs	5,741.15	5,741.15			5,741.15	
Contingent	1,000.00	1,000.00			1,000.00	
STATUTORY EXPENDITURES						
Contribution to						
Public Employees' Retirement System	0.38	0.38			0.38	
Social Security System (O.A.S.I.)	34,617.93	34,617.93			34,617.93	
Defined Contribution Retirement Plan	3,061.69	3,061.69			3,061.69	
LOSAP	7,200.00	7,200.00			7,200.00	
OPERATIONS EXCLUDED FROM "CAPS"						
Matching Funds for Grants	5,000.00	5,000.00	-		5,000.00	
	<u>\$ 1,792,517.37</u>	<u>1,792,517.37</u>	<u>445,109.76</u>	<u>68,519.28</u>	<u>1,278,888.33</u>	<u>-</u>
Reserves	1,348,894.59					
Encumbrances	443,622.78					
	<u>1,792,517.37</u>					

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

Balance December 31, 2020			
School Tax Payable	\$	-	
School Tax Deferred			
		-	\$
			-
Increased by:			
Levy - Calender Year January 1, 2021 to December 31, 2021		11,145,109.00	
		11,145,109.00	
Decreased by:			
Payments		11,142,392.00	
		11,142,392.00	
Balance December 31, 2021			
School Tax Payable		2,717.00	
		2,717.00	
			2,717.00
Current Year Liability for Local School District School Tax:			
Tax Paid		11,142,392.00	
Tax Payable Ending		2,717.00	
		11,145,109.00	
Less: Tax Payable Beginning		-	
		-	
Amount charged to Current Year Operations		\$ 11,145,109.00	
		\$ 11,145,109.00	

See Accompanying Auditor's Report

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

Balance December 31, 2020			
School Tax Payable	\$	11.42	
School Tax Deferred		<u>-</u>	
			\$ 11.42
Increased by:			
Levy - Calender Year January 1, 2021 to December 31, 2021			<u>8,403,128.00</u>
			8,403,139.42
Decreased by:			
Payments			<u>8,403,128.50</u>
Balance December 31, 2021			
School Tax Payable		<u>10.92</u>	
			<u>10.92</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			8,403,128.50
Tax Payable Ending			<u>10.92</u>
			8,403,139.42
Less: Tax Payable Beginning			<u>11.42</u>
Amount charged to Current Year Operations			<u>\$ 8,403,128.00</u>

See Accompanying Auditor's Report

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

<u>Purpose</u>	<u>Balance Dec. 31, 2020</u>	<u>Transferred From 2021 Revenues</u>	<u>Received</u>	<u>Cancelled/ Adjustments</u>	<u>Balance Dec. 31, 2021</u>
FEDERAL GRANTS:					
US Department of Transportation - Highway Planning and Construction - Passed through the State of New Jersey Department of Transportation Transportation Alternatives Program	\$ 668,469.53		668,469.53		-
Widening of Bike Path	342,141.49		43,510.94	298,630.55	-
Office of Maritime Resources					
Boating Infrastructure Grant (BIG) Program	835,631.92		545,500.92	290,131.00	-
Higbee Avenue Transient Marina					
Congestion Mitigation and Air Quality Program - Bike Path Enhancements		165,000.00			165,000.00
Total Federal	1,846,242.94	165,000.00	1,257,481.39	588,761.55	165,000.00
STATE GRANTS:					
Safe and Secure Program	-	12,621.00	12,621.00		-
Clean Communities	-	28,577.74	28,577.74		-
Recycling Tonnage Grant	-	12,431.26	12,431.26		-
Body Armor Fund	-	2,341.48	2,341.48		-
Drunk Driving Enforcement Fund	-	9,516.16	9,516.16		-
NJ Department of Transportation					
Bikeway along Somers Point-Mays Landing Road	130,000.00				130,000.00
West Atlantic Avenue-Phase 1	300,000.00				300,000.00
2018 Bethel Road	-				-
Safe Streets to Route 9	200,000.00		200,000.00		-
Safe Streets to Route 9 - 2020	200,000.00		100,000.00		100,000.00
West Atlantic Avenue - 2021 - Phase II	-	350,000.00			350,000.00
Reconstruction of Bethel Road	175,500.00		175,500.00		-
NJ Office of Emergency Management					
PDM-C Grant Exton Road Pump Station	287,887.50				287,887.50
Local Arts - Arts Commission	1,350.00		1,350.00		-
Local Arts Development Program					
Summer Outdoor Free Concert Series	-	5,000.00	3,750.00		1,250.00

See Accompanying Auditor's Report

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

<u>Purpose</u>	<u>Balance Dec. 31, 2020</u>	<u>Transferred From 2021 Revenues</u>	<u>Received</u>	<u>Cancelled/ Adjustments</u>	<u>Balance Dec. 31, 2021</u>
National Fish and Wildlife Foundation-Hurricane Sandy Coastal Resiliency Competitive Grant Program (NFWF)	26,387.91			26,387.91	-
Restore Wetlands in Great Egg Harbor Bay	<u>1,321,125.41</u>	<u>420,487.64</u>	<u>546,087.64</u>	<u>26,387.91</u>	<u>1,169,137.50</u>
Total State	-	-	-	-	-
LOCAL GRANTS:					
None	<u>3,167,368.35</u>	<u>585,487.64</u>	<u>1,803,569.03</u>	<u>615,149.46</u>	<u>1,334,137.50</u>
Total Local		Cash	1,803,569.03		
		Unappropriated Reserves	-		
			<u>\$ 1,803,569.03</u>		

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

	Balance December 31, 2020		2021 Appropriations	Disbursed	Encumbrances	Canceled	Balance Dec. 31, 2021
	Appropriated	Reserve for Encumbrances					
FEDERAL GRANTS:							
Small Cities	\$ 11,490.00						11,490.00
US Department of Transportation - Highway Planning and Construction - Passed through the State of New Jersey Department of Transportation Transportation Alternatives Program	181,325.55	131,114.65		131,114.65		181,325.55	-
Widening of Bike Path	0.00						0.00
Widening of Bike Path - 2019							
Office of Maritime Resources			165,000.00			263,909.30	-
Boating Infrastructure Grant (BIG) Program	263,909.30						
Higbee Avenue Transient Marina							
Congestion Mitigation and Air Quality Program - Bike Path Enhancements							165,000.00
Total Federal	456,724.85	131,114.65	165,000.00	131,114.65	-	445,234.85	176,490.00
STATE GRANTS:							
Clean Communities	-		28,577.74	27,133.81	1,443.93		0.00
NJ Office of Emergency Management - PDM-C Grant - Exton Road Pump Station	287,887.50						287,887.50
NJ Department of Transportation	300,000.00			7,565.00			292,435.00
West Atlantic Avenue	-	400,000.00	350,000.00	324,188.90	75,811.10		(0.00)
Safe Streets to Transit - Route 9							350,000.00
West Atlantic Avenue - 2021				4,800.00			125,200.00
Bikeway along Somers Point-Mays Landing Rd.				2,934.38			-
Body Armor - 2019		2,934.38					0.00
Body Armor - 2017	0.00	359.17		359.17			
Body Armor - 2019		3,018.04		3,018.04			
Body Armor - 2020			2,341.48				
Drunk Driving Enforcement Fund - 2019	18,854.87			1,354.73			2,341.48
Drunk Driving Enforcement - 2017	8,105.86						18,854.87
Drunk Driving Enforcement - 2021	(0.00)						6,751.13
Safe and Secure Communities			9,516.16	12,621.00			
Recycling Tonnage Grant			12,431.26	16,206.23			9,516.16
Local Arts Development Program	15,969.39	5,870.69					
Summer Outdoor Free Concert Series			5,000.00				18,065.11
Total State	760,817.62	412,182.28	420,487.64	400,181.26	77,255.03	-	5,000.00
LOCAL GRANTS:							
Comcast Cable Technology Grant	3,150.00	7,698.67	172,000.00	167,525.84			10,848.67
Safe and Secure Communities	3,483.96						7,958.12
Total Local	6,633.96	7,698.67	172,000.00	167,525.84	-	-	18,806.79
\$	1,224,176.43	550,995.60	757,487.64	698,821.75	77,255.03	445,234.85	1,311,348.04

See Accompanying Auditor's Report

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

<u>Purpose</u>	<u>Balance Dec. 31, 2020</u>	<u>Transferred To 2021 Appropriations</u>	<u>Received</u>	<u>Adjustments</u>	<u>Balance Dec. 31, 2021</u>
FEDERAL GRANTS:					
American Rescue Plan	\$		532,448.93		532,448.93
Total Federal	-	-	532,448.93	-	532,448.93
STATE GRANTS:					
None	-				-
Total State	-	-	-	-	-
	\$		532,448.93	-	532,448.93

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Animal Control	Other
Balance December 31, 2020	\$ 58,933.05	1,710,695.05
Increased by Receipts:		
Dog License Fees 2021	4,095.10	
Due to State of New Jersey	450.60	
Miscellaneous Trust Reserves		1,306,838.08
Due to Current		1,750.00
	<u>4,545.70</u>	<u>1,308,588.08</u>
	63,478.75	3,019,283.13
Decreased by Disbursements		
Due to State of New Jersey	447.60	
Miscellaneous Trust Reserves		1,374,579.61
Due from South Jersey Gas- Street Openings		924.45
Due from Current Fund		-
	<u>447.60</u>	<u>1,375,504.06</u>
Balance December 31, 2021	\$ <u>63,031.15</u>	<u>1,643,779.07</u>

See Accompanying Auditor's Report

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

Balance December 31, 2020		\$	14,520.40
Increased by:			
Dog & Cat License Fees Collected	\$	3,385.40	
Interest Earned		<u>709.70</u>	
			<u>4,095.10</u>
			18,615.50
Decreased by:			
Statutory Excess Due to Current Fund		6,160.94	
Expenditures under N.J.S. 4:19-15:11 Disbursed by Current Fund		<u>972.16</u>	
			<u>7,133.10</u>
Balance December 31, 2021		\$	<u><u>11,482.40</u></u>

License Fees Collected:

Year	Amount
2020	\$ 4,104.80
2019	<u>7,377.60</u>
	<u>\$ 11,482.40</u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO CURRENT FUND - ANIMAL CONTROL FUND

Balance December 31, 2020		\$	44,411.45
Increased by:			
Statutory Excess	\$	6,160.94	
Expenditures under N.J.S. 4:19-15:11			
Disbursed by Current Fund		<u>972.16</u>	
			<u>7,133.10</u>
			51,544.55
Decreased by:			
Payments			<u>-</u>
Balance December 31, 2021		\$	<u><u>51,544.55</u></u>

TRUST FUND
SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY - DEPARTMENT OF HEALTH

Balance December 31, 2020		\$	1.20
Increased by:			
2021 State License Fees	\$	<u>450.60</u>	
			<u>450.60</u>
			451.80
Decreased by:			
Disbursements to the State			
Current Year		446.40	
Prior Year		<u>1.20</u>	
			<u>447.60</u>
Balance December 31, 2021		\$	<u><u>4.20</u></u>

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

Reserve	Balance 12/31/20	Increased by		Decreased by		Balance 12/31/21
		Receipts	Due from Current Fund	Disbursements	Due to Current	
Affordable Housing	\$ 147,981.86	30,830.09				178,811.95
Arts Commission	9,596.54	5,924.00		681.53		14,839.01
Bayfest	50,056.48			367.00		49,689.48
Escrow	306,721.41	242,894.60		164,165.28		385,450.73
Fire Safety Penalty Monies	4,500.00	100.00				4,600.00
Historic District Parking	8,000.00					8,000.00
Law Enforcement Trust	47,821.85	1,080.02		5,101.37		43,800.50
Police Off Duty	139,873.91	117,516.46		87,975.40		169,414.97
Parking Offense Adjudication Act	422.00	98.00				520.00
Recreation	81,449.92	73,038.58		82,407.09		72,081.41
Recycling	15,348.55	4,808.15				20,156.70
Street Openings	62,133.05	35,200.00		97,333.05		-
Tax Sale Premiums	727,550.01	349,828.12		507,278.12		570,100.01
Tax Title Lien Redemptions	4,295.87	415,874.38		420,169.78		0.47
Unemployment Trust	105,093.14	29,645.68	1,950.46	9,100.99		127,588.29
	\$ 1,710,844.59	1,306,838.08	1,950.46	1,374,579.61	-	1,645,053.52

See Accompanying Auditor's Report

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

Balance December 31, 2020		\$ 1,946,597.26
Increased by:		
Receipts	5,792,377.78	
	<hr/>	<hr/>
		5,792,377.78
		7,738,975.04
Decreased by:		
Disbursements	5,127,872.94	
	<hr/>	<hr/>
		5,127,872.94
Balance December 31, 2021		\$ <u><u>2,611,102.10</u></u>

GENERAL CAPITAL FUND
ANALYSIS OF CASH

	Balance Dec. 31, 2020	Receipts		Disbursements		Transfers		Balance Dec. 31, 2021
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 149,069.66							84,069.66
Capital Improvement Fund	5,700.00	93,500.00			65,000.00			6,315.00
Encumbrances Payable	1,579,098.39				1,579,098.39			680,734.08
Due to/from Current Fund	264,191.08							165,000.00
Due to/from Grant Fund	(1,400,000.00)	1,400,000.00		264,191.08				-
Due to/from Trust Fund	350.00							350.00
Reserve for Bequest - JFK Park	23,000.00							23,000.00
Reserve for the Acquisition of Vehicle	10,000.00							10,000.00
Reserve for Debt Service	141,864.88	34,877.78			100,000.00			76,742.66
Improvement Authorizations:								
05-09 Various Improvements and Acquisitions	-						3,450.24	3,450.24
7-12 Various Improvements	-						212.86	212.86
5-13 Various Improvements					1,460.00		1,460.00	-
16-14 Various Improvements	0.00						690.56	690.56
25-14 Dredging	-						53,630.30	53,630.30
13-15 Various Improvements	(0.00)						5,245.34	5,245.34
1-17 Various Improvements							3,546.75	3,546.75
6-17 Various Improvements	62,354.09			26,998.98			5,693.32	41,048.43
4-18 Various Improvements	23,444.48			11,950.00			13,451.70	24,946.18
13-18 Launch Avenue Bulkhead and Other								
4-19 General Improvements	(318,048.54)						49,445.89	(268,602.65)
3-20 Various Improvements	301,281.95			217,608.67			292,160.86	201,528.48
9-21 Various Improvements	1,104,291.27		2,500,000.00	2,033,999.98	2,500,000.00		1,150,110.57	(96,555.86)
			1,764,000.00	73,124.23	188,010.70		92,885.00	1,595,750.07
	\$ 1,946,597.26	1,528,377.78	4,264,000.00	2,363,681.86	2,517,717.47	2,517,717.47	2,517,717.47	2,611,102.10

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

	<u>Ref.</u>	
Balance December 31, 2020		\$ 5,700.00
Increased by:		
2021 Budget Appropriation	93,500.00	
	93,500.00	93,500.00
		99,200.00
Decreased by:		
Improvement Authorization Funding	92,885.00	
	92,885.00	92,885.00
Balance December 31, 2021		\$ <u><u>6,315.00</u></u>

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

Balance December 31, 2020		\$ 12,821,000.00
Decreased by:		
2021 Budget Appropriations:		
General Serial Bonds	1,510,000.00	
	1,510,000.00	1,510,000.00
Balance December 31, 2021		\$ <u><u>11,311,000.00</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Raised in 2021 Budget	Transferred to Deferred Taxation - Funded	Cancelled	Balance Dec. 31, 2021	Analysis of Balance		Unexpended Improvement Authorizations														
								Bond Anticipation Notes	Expenditures															
13-18	Launch Avenue Bulkhead and Other General Improvements	\$ 712,321.56					712,321.56	268,424.21		443,897.35														
4-19	Various Improvements	5,000.00					5,000.00	178.44		4,821.56														
3-2020	Various Improvements	2,755,000.00	-				2,755,000.00	96,555.86		158,444.14														
9-2021	Various Improvements		1,764,815.00				1,764,815.00	815.00																
		<u>\$ 3,472,321.56</u>	<u>1,764,815.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,237,136.56</u>	<u>365,973.51</u>		<u>607,163.05</u>														
<p>Improvement Authorizations Unfunded</p> <p>Less:</p> <p style="padding-left: 20px;">Unexpended Proceeds of Bond</p> <table style="margin-left: 40px;"> <tr> <td>5-09</td> <td>3,450.24</td> </tr> <tr> <td>7-12</td> <td>212.86</td> </tr> <tr> <td>16-14</td> <td>690.56</td> </tr> <tr> <td>25-14</td> <td>53,630.30</td> </tr> <tr> <td>13-15</td> <td>5,245.34</td> </tr> <tr> <td>1-17</td> <td>3,546.75</td> </tr> <tr> <td>9-21</td> <td><u>1,596,565.07</u></td> </tr> </table> <p style="margin-left: 20px;">2,270,504.17</p>											5-09	3,450.24	7-12	212.86	16-14	690.56	25-14	53,630.30	13-15	5,245.34	1-17	3,546.75	9-21	<u>1,596,565.07</u>
5-09	3,450.24																							
7-12	212.86																							
16-14	690.56																							
25-14	53,630.30																							
13-15	5,245.34																							
1-17	3,546.75																							
9-21	<u>1,596,565.07</u>																							
										<u>1,663,341.12</u>														
										<u>607,163.05</u>														

GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord #	Improvement Description	Ord. Date	Amount	Balance December 31, 2020		Other Funding	Authorizations		Paid or Charged	Amended or Canceled	Current Year Encumbrances	Balance December 31, 2021	
				Funded	Unfunded		Deferred Charges to Future Taxation	Prior Year Encumbrances				Funded	Unfunded
05-09	Various Improvements & Acquisitions	4/9/2009	276,000	\$							3,450.24		3,450.24
07-11	Various Improvements	5/26/2011	280,000										
7-12	Various Improvements	6/28/2012	1,268,000										
5-13	Purchase of Vehicles	2/14/2013	108,613								1,460.00		212.86
16-14	Various Improvements	6/12/2014	1,120,000										
25-14	Dredging	9/11/2014	325,000										690.56
13-15	Various Improvements	4/30/2015	893,000										53,630.30
1-17	Various Improvements	2/23/2017	600,000										5,245.34
6-17	Various Improvements	4/13/2017	1,550,000										3,546.75
4-18	Various General Improvements	5/24/2018	2,250,000									41,048.43	
13-18	Launch Avenue Bulkhead and Other General Improvements	9/13/2018	750,000									24,946.18	
4-19	Various Improvements	5/9/2019	5,332,500										443,887.35
3-20	Various Improvements	6/11/2020	2,900,000										4,821.56
9-21	Various Improvements	6/24/2021	1,857,700.00	\$									158,444.14
						92,885.00	1,764,815.00		73,124.23		188,010.70	267,523.09	1,596,565.07
						92,885.00	1,764,815.00		2,363,681.86		680,734.08	2,270,504.17	

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
General Improvements	9/15/2012	5,691,000	9/15/2022	751,000.00	2.00%	1,501,000.00		750,000.00	751,000.00
General Improvements	10/1/2019	12,030,000	10/1/2022	820,000.00	4.00%	11,320,000.00		760,000.00	10,560,000.00
			10/1/2023	940,000.00	3.00%				
			10/1/2024	1,000,000.00	3.00%				
			10/1/2025	1,065,000.00	4.00%				
			10/1/2026	1,120,000.00	4.00%				
			10/1/2027	1,120,000.00	4.00%				
			10/1/2028	1,120,000.00	4.00%				
			10/1/2029	1,170,000.00	2.00%				
			10/1/2030	1,170,000.00	2.00%				
10/1/2031	1,035,000.00	2.00%							
						\$ 12,821,000.00	1,510,000.00	11,311,000.00	

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

Improvement Description	Ordinance Number	Original Amount Issued	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
Various Improvements	3-2020	2,500,000.00	12/22/2020	12/21/2021	12/20/2022	1.250%	2,500,000.00	2,500,000.00	2,500,000.00	-
Various Improvements	9-2021	1,764,000.00	12/21/2021	12/21/2021	12/20/2022	1.250%		1,764,000.00		1,764,000.00
							\$	<u>2,500,000.00</u>	<u>2,500,000.00</u>	<u>4,264,000.00</u>
								<u>1,764,000.00</u>	<u>2,500,000.00</u>	<u>4,264,000.00</u>

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorizations	Cancelled	Debt Issued	Balance Dec. 31, 2021
13-18	Launch Avenue Bulkhead and Other General Improvements	\$ 712,500.00				712,500.00
4-19	Various General Improvements	4,821.56				4,821.56
3-2020	Various General Improvements	255,000.00				255,000.00
9-2021	Various General Improvements		1,764,815.00		1,764,000.00	815.00
		<u>\$ 972,321.56</u>	<u>1,764,815.00</u>	<u>-</u>	<u>1,764,000.00</u>	<u>973,136.56</u>

**SEWER OPERATING FUND
SCHEDULE OF CASH - TREASURER**

		Operating
Balance as of December 31, 2020		\$ 3,064,806.97
Increased by Receipts:		
Sewer Rents Receivable	\$ 2,770,797.81	
Miscellaneous Revenue Not Anticipated	77,093.27	
Due to Utility Capital	2,339,987.52	
		5,187,878.60
		8,252,685.57
Decreased by Disbursements:		
2021 Appropriations	2,340,820.57	
2020 Appropriation Reserves	38,624.29	
Accrued Interest	125,043.07	
Due from Sewer Capital	1,697,445.25	
		4,201,933.18
Balance as of December 31, 2021		\$ 4,050,752.39

See Accompanying Auditor's Report

SEWER UTILITY CAPITAL FUND
ANALYSIS OF CASH

	Receipts		Disbursements		Transfers From	To	Balance Dec. 31, 2021
	Balance Dec. 31, 2020	Debt	Miscellaneous	Improvement Authorizations			
Fund Balance	\$ 411,746.28						411,746.28
Encumbrances Payable	562,599.14				562,599.14	228,333.06	228,333.06
Due from Current Fund	(1,490,832.00)						(1,490,832.00)
Due to Sewer Utility Operating Fund	(1,142,857.67)				2,339,987.52	1,697,445.25	(1,765,399.94)
Reserve for Debt Service	66,159.08					18,987.52	85,146.60
<u>Improvement Authorizations:</u>							
<u>Ordinance Number</u>							
8-12 Various Sewer Capital Improvements	-			6,538.00		6,538.00	-
14-12 Various Sewer Capital Improvements	-						-
14-15 Various Sewer Capital Improvements	-			270.00		18,591.70	18,321.70
8-16 Various Sewer Capital Improvements	-					2,535.54	2,535.54
5-17 Various Sewer Capital Improvements	-			14,598.57		14,598.57	-
5-18 Various Sewer Capital Improvements	106,080.17			800,378.27		484,974.33	(209,323.77)
5-19 Various Sewer Capital Improvements	526,000.00			35,361.00		35,361.00	526,000.00
4-20 Various Sewer Capital Improvements	961,105.00			1,068,632.47		1,000,000.00	892,472.53
10-21 Various Sewer Capital Improvements						1,321,000.00	1,321,000.00
					4,828,364.97	4,828,364.97	-

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

Balance as of December 31, 2020		\$	136,993.20
Increased by:			
Utility Rents Levied	\$	2,750,801.00	
Prepayments & Overpayments Created		<u>28,567.88</u>	
			<u>2,779,368.88</u>
			2,916,362.08
Decreased by:			
Collections		2,770,797.81	
Prepayments & Overpayments Applied		20,806.70	
Transferred to Liens		<u>1,149.00</u>	
			<u>2,792,753.51</u>
Balance as of December 31, 2021		\$	<u><u>123,608.57</u></u>

**SEWER OPERATING FUND
SCHEDULE OF SEWER LIENS**

Balance as of December 31, 2020		\$	3,899.38
Increase by:			
Transferred from Consumer Receivables	\$	1,149.00	
Interest and Cost on Sale		<u>-</u>	
			<u>1,149.00</u>
			5,048.38
Decreased by:			
Miscellaneous Adjustment		-	
Collections		<u>-</u>	
			<u>-</u>
Balance as of December 31, 2021		\$	<u><u>5,048.38</u></u>

See Accompanying Auditor's Report

**SEWER OPERATING FUND
SCHEDULE OF FIXED CAPITAL**

Account	Balance Dec. 31, 2020	Additions By Budget Capital Outlay	Balance Dec. 31, 2021
Sewer System Improvements	\$ 9,475,727.42	-	9,475,727.42
	<u>\$ 9,475,727.42</u>	<u>-</u>	<u>9,475,727.42</u>

See Accompanying Auditor's Report

**SEWER UTILITY CAPITAL FUND
STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Improvement Description	Ordinance		Balance Dec. 31, 2020	Deferred Charge to Future Revenue	Balance Dec. 31, 2021
		Date	Amount			
8-12	Various Sewer Capital Improvements	05/10/12	\$ 309,000	\$ 309,000.00		309,000.00
14-12	Various Sewer Capital Improvements	07/26/12	300,000	300,000.00		300,000.00
17-14	Various Sewer Capital Improvements	05/08/14	500,000	500,000.00		500,000.00
14-15	Various Sewer Capital Improvements	04/16/15	500,000	500,000.00		500,000.00
8-16	Various Sewer Capital Improvements	06/09/16	500,000	500,000.00		500,000.00
5-17	Various Sewer Capital Improvements	4/13/17	410,000	410,000.00		410,000.00
5-18	Various Sewer Capital Improvements	5/24/18	810,000	810,000.00		810,000.00
5-19	Various Sewer Capital Improvements	5/9/19	626,000	626,000.00		626,000.00
4-20	Various Sewer Capital Improvements	6/11/2020	1,075,000	1,075,000.00		1,075,000.00
10-21	Various Sewer Capital Improvements	6/24/2021	1,321,750		1,321,750.00	1,321,750.00
				\$ 5,030,000.00	1,321,750.00	6,351,750.00

See Accompanying Auditor's Report

**SEWER OPERATING FUND
SCHEDULE OF 2020 APPROPRIATION RESERVES**

	Balance Dec. 31, 2020	Balance After Transfers	Paid Or Charged	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 5,924.49	5,924.49	802.69	5,121.80	
Other Expenses	63,493.45	63,493.45	27,849.60	35,643.85	
ACMUA - Treatment Costs	61,451.00	61,451.00	9,972.00	51,479.00	
	<u>\$ 130,868.94</u>	<u>130,868.94</u>	<u>38,624.29</u>	<u>92,244.65</u>	<u>-</u>

See Accompanying Auditor's Report

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

Balance as of December 31, 2020	\$	32,035.83
Increased by:		
Accrued interest charged to 2021 budget appropriation - Interest on bonds and notes		121,109.74
		153,145.57
Decreased by:		
Disbursements		125,043.07
Balance as of December 31, 2021	\$	28,102.50

ANALYSIS OF ACCRUED INTEREST - DECEMBER 31, 2021

Description	Principal Outstanding Dec. 31, 2021	Interest Rate	From	To	# of Days	Amount
2012 Issue	119,000	Var	09/15/21	12/31/21	107	694.17
NJ EIT Bonds	304,000	5%	08/03/21	12/31/21	150	6,333.33
2019 Refunding Issue	2,610,000	3.25%	10/01/21	12/31/21	90	21,075.00
						\$ 28,102.50

SEWER CAPITAL UTILITY FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ord Number	Improvement Authorization	Ordinance Date	Amount	Balance Dec. 31, 2020		Unfunded	Down Payment Or Capital Improv. Fund	2021 Authorizations		Deferred Charges To Future Revenue	Prior Year Encumbrances	Paid Or Charged	Canceled	Balance Dec. 31, 2021	
				Funded	Unfunded			Funded	Unfunded					Funded	Unfunded
8-12	Various Sewer Capital Improvements	05/10/12	309,000.00	\$ -	-	-	-	6,538.00	6,538.00	-	-	-	-	-	-
14-15	Various Sewer Capital Improvements	04/16/15	500,000.00	-	-	-	-	18,991.70	270.00	-	-	-	-	18,321.70	-
8-16	Various Sewer Capital Improvements	06/09/16	500,000.00	-	-	-	-	2,535.54	-	-	-	-	-	-	2,535.54
5-17	Various Sewer Capital Improvements	4/13/17	410,000.00	-	-	-	-	14,598.57	14,598.57	-	-	-	-	-	-
5-18	Various Sewer Capital Improvements	05/24/18	810,000.00	106,080.17	210,000.00	-	-	484,874.33	800,378.27	-	-	-	-	676.23	-
5-19	Various Sewer Capital Improvements	5/9/19	626,000.00	526,000.00	-	-	-	35,361.00	35,361.00	-	-	-	-	526,000.00	-
4-20	Various Sewer Capital Improvements	6/11/2020	1,075,000.00	-	1,036,105.00	-	-	68,632.47	68,632.47	-	-	-	-	-	967,472.53
10-21	Various Sewer Capital Improvements	6/24/2021	1,321,750.00	-	-	-	-	1,321,750.00	-	-	-	-	-	-	1,321,750.00
				\$ 632,080.17	1,246,105.00	-	-	562,599.14	925,778.31	-	-	-	-	526,000.00	2,310,756.00
								Encumbered	228,333.06						
								Disbursements	697,445.25						
									925,778.31						

See Accompanying Auditor's Report

**SEWER CAPITAL UTILITY FUND
SCHEDULE OF BOND ANTICIPATION NOTES PAYABLE**

Purpose	Date of Original Issue	Date of Issue	Date of Maturity	Amount of Original Issue	Interest Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
4-2020 Various Sewer Improvements	12/22/2020	12/21/2021	12/20/2022	1,000,000	1.25% \$	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
10-2021 Various Sewer Improvements	12/21/2021	12/21/2021	12/20/2022	1,321,000	1.25%		1,321,000.00		1,321,000.00
					\$	<u>1,000,000.00</u>	<u>2,321,000.00</u>	<u>1,000,000.00</u>	<u>2,321,000.00</u>

See Accompanying Auditor's Report

**SEWER CAPITAL UTILITY FUND
STATEMENT OF SEWER SERIAL BONDS PAYABLE**

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2021		Int. Rate	Balance Dec. 31, 2020	Increased	Decreased	Balance Dec. 31, 2021
			Date	Amount					
Sewer Utility Bonds	09/15/12	1,109,000.00	09/15/22	119,000.00	2.00%	239,000.00		120,000.00	119,000.00
Sewer Utility Bonds	10/01/19	2,970,000	10/01/22	210,000.00	4.00%	2,800,000.00		190,000.00	2,610,000.00
			10/01/23	225,000.00	3.00%				
			10/01/24	265,000.00	3.00%				
			10/01/25	270,000.00	4.00%				
			10/01/26	290,000.00	4.00%				
			10/01/27	290,000.00	4.00%				
			10/01/28	300,000.00	4.00%				
10/01/29	315,000.00	2.00%							
10/01/30	335,000.00	2.00%							
10/01/31	110,000.00	2.00%							
						\$ 3,039,000.00		310,000.00	2,729,000.00

See Accompanying Auditor's Report

**SEWER CAPITAL UTILITY FUND
SCHEDULE OF NJEIT LOANS PAYABLE**

Purpose	Date Of Issue	Original Issue	Maturities of Bonds Outstanding December 31, 2021		Int. Rate	Balance Dec. 31, 2020	Decreased	Balance Dec. 31, 2021
			Date	Amount				
Series B 2010	12/02/10	910,000.00	08/01/22	69,000.00	5.00%	368,000.00	64,000.00	304,000.00
			08/01/23	74,000.00	5.00%			
			08/01/24	78,000.00	5.00%			
			08/01/25	83,000.00	5.00%			
Series B 2010	12/02/10	862,463.00	02/01/22	25,701.75	0.00%	168,515.75	77,105.25	91,410.50
			08/01/22	51,403.50	0.00%			
			02/01/23	14,305.25	0.00%			
					\$	<u>536,515.75</u>	<u>141,105.25</u>	<u>395,410.50</u>
								Refinanced
								Paid in Cash
								<u>-</u>
								<u>141,105.25</u>
								<u>141,105.25</u>

See Accompanying Auditor's Report

**SEWER CAPITAL UTILITY FUND
SCHEDULE OF RESERVE FOR AMORTIZATION**

Balance as of December 31, 2020		\$ 9,553,297.26
Increased by:		
Capital Outlay:		
NJ EIT Bonds Payable	141,105.25	
Serial Bonds Paid by Operating Budget	<u>310,000.00</u>	
		<u>451,105.25</u>
Balance as of December 31, 2021		\$ <u><u>10,004,402.51</u></u>

See Accompanying Auditor's Report

**SEWER UTILITY CAPITAL FUND
SCHEDULE OF DEFERRED RESERVE FOR AMORTIZATION**

Ordinance Number	Improvement Description	Date of Ordinance	Balance Dec. 31, 2020	Paid in Operating Budget Bond	Balance Dec. 31, 2021
8-12	Various Sewer Capital Improvements	05/10/12	\$ 41,794.65		41,794.65
14-12	Various Sewer Capital Improvements	07/26/12	25,119.76		25,119.76
17-14	Various Sewer Capital Improvements	05/08/14	25,000.00		25,000.00
			\$ 91,914.41	-	91,914.41

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

Ord. Number	Improvement Description	Balance Dec. 31, 2020	2021 Authorization	Bonds Issued	Balance Dec. 31, 2021
5-18	Various Sewer Capital Improvements	\$ 210,000.00			210,000.00
4-20	Various Sewer Capital improvements	75,000.00			75,000.00
10-21	Various Sewer Capital Improvements		1,321,750.00	1,321,000.00	750.00
		<u>\$ 285,000.00</u>	<u>1,321,750.00</u>	<u>1,321,000.00</u>	<u>285,750.00</u>

See Accompanying Auditor's Report

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CITY OF SOMERS POINT

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2021

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GENERAL COMMENTS

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

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or 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 is 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 City has the responsibility of determining whether the expenditures in any category will exceed \$44,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the City Council's opinion should be sought before a commitment is made.

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

The minutes indicate that bids were requested by public advertising for the following items:

- Sanitary Sewer Gravity Main Rehabilitation
- Demolition of 5 and 7 Seashore Lane
- 2021 Stormwater Cleaning & Video Inspections
- 2021 Stormwater Repairs

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 would become delinquent.

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

WHEREAS, N.J.S.A. 54:4-67 permits the governing body of a municipality to fix the rate of interest to be charged for the nonpayment of taxes of assessments and sewer charges;

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Somers Point, County of Atlantic, State of New Jersey, that:

1. In the event that payments of taxes or assessments and sewer charges are not paid on the due date, but are paid within a period of ten (10) days in the case of taxes, or thirty (30) days in the case of assessments and sewer charges, the Tax Collector is hereby authorized to charge no interest on all such delinquent payments.
2. In the event that payment of taxes or assessments and sewer charges are not paid within ten (10) days in the case of taxes, or thirty (30) in the case of assessments and sewer charges,, the Tax Collector is hereby authorized to charge interest at the rate of eight percent per annum on the first \$1,500 of the delinquency and 18 percent per annum on any amount in excess of \$1,500 to be calculated from the date the tax or assessment was payable until the date of actual payment.

3. N.J.S.A. 54:6-67 specifically provides that a governing body may fix a penalty to be charged to a taxpayer where there is a tax and/or other municipal charge delinquency in excess of \$10,000 at the end of any calendar year on a given parcel of real estate; and
4. That a penalty equal to six (6) percent per annum of any delinquency in taxes and other municipal charges on a given parcel of real property shall be and hereby imposed where the delinquency exceeds \$10,000 at the end of each calendar year.

This Resolution shall take effect January 1, 2021.

It appears from an examination of the collector's records that interest on delinquent taxes was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The 2021 tax sale was held on October 15, 2021 and was complete.

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

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

<u>Year</u>	<u>Number of Liens</u>
2021	16
2020	16
2019	16

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 taxpaying basis.

Verification of Delinquent Taxes and Other Charges

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

<u>Type:</u>	<u>Number Mailed</u>
Payment of 2021 and 2022 Taxes	25
Payment of 2021 and 2022 Utility Bills	25
Delinquent Taxes	5
Delinquent Utility	5

As of the date of this audit report, all verifications have not been returned. No problems were noted with the verifications that have been returned related to property taxes, utilities or municipal court.

Deposit of Municipal Funds

N.J.S. 40A:5-15 states, "All municipal funds shall be deposited within 48 hours upon receipt."

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

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>Current Fund</u>		
	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2021	\$37,241,711.94	36,946,168.60	99.21%
2020	36,626,529.82	36,014,337.46	98.33%
2019	35,712,239.30	35,052,433.61	98.15%
2018	35,204,260.04	34,597,819.29	98.28%
2017	34,527,009.10	33,735,035.78	97.71%

Comparative Schedule of Tax Rate Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax Rate	\$ 3.291	3.224	3.133	3.067	2.957
Apportionment of Tax Rate:					
Municipal	1.008	1.008	0.989	0.967	0.922
County	0.555	0.539	0.533	0.530	0.533
Local School	0.985	0.974	0.954	0.930	0.883
Regional School	0.743	0.703	0.657	0.640	0.619
Assessed Valuation	\$ 1,130,903,733	1,141,669,878	1,138,873,200	1,146,862,227	1,166,021,500

Delinquent Taxes and Tax Title Liens

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

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2021	\$ 217,359.43	353,827.22	571,186.65	1.53%
2020	188,913.95	581,045.97	769,959.92	2.10%
2019	157,174.23	571,383.30	728,557.53	2.04%
2018	184,223.83	517,667.02	701,890.85	1.99%
2017	161,089.06	990,677.75	1,151,766.81	3.34%

Property Acquired by Tax Title Lien Liquidation

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties, for the current and previous years was as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 19,412.00
2020	19,412.00
2019	19,412.00
2018	19,412.00
2017	19,412.00

Sewer Utility Service Charges

The following is a five-year comparison of sewer utility service charges (rents) for the current and previous four years.

Year	Balance End of Year		Billings	Cash
	Receivable	Liens		Collections
2021	\$ 123,608.57	5,048.38	2,750,801.00	2,763,036.63
2020	136,993.20	3,899.38	2,723,231.00	2,721,085.51
2019	135,981.74	2,765.38	2,784,108.31	2,751,249.77
2018	100,958.13	4,729.26	2,661,908.36	2,673,081.14
2017	114,051.17	2,744.04	2,679,991.90	2,710,298.78

Fund Balances Appropriated

The following schedule details the amount of fund balances available at the end of the year and the amounts utilized in the subsequent year's budgets.

Year	Balance December 31	Utilized in budget of Succeeding Year	Percentage of Fund Balance Utilized
<u>Current Fund</u>			
2021	\$ 2,866,350.67	2,685,000.00	93.67%
2020	2,406,356.65	2,314,000.00	96.16%
2019	2,203,844.39	1,996,211.22	90.58%
2018	2,511,005.18	1,759,559.93	70.07%
2017	1,832,946.83	1,546,769.95	84.39%
<u>Sewer Utility Operating Fund</u>			
2021	\$ 1,998,098.30	114,100.00	5.71%
2020	1,746,038.74	25,000.00	1.43%
2019	1,531,636.44	104,200.00	6.80%
2018	1,313,667.93	80,000.00	6.09%
2017	1,074,433.81	35,800.00	3.33%

RECOMMENDATIONS

NONE

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.

Very truly yours,

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

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

July 8, 2022