

**BOROUGH OF STONE HARBOR**

**COUNTY OF CAPE MAY**

**NEW JERSEY**

**AUDIT REPORT**

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



# **BOROUGH OF STONE HARBOR**

## **TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
<b>PART 1</b>		
Independent Auditor's Report		1-3
<b>CURRENT FUND</b>		
Comparative Balance Sheet - Regulatory Basis	A	4-5
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	A-1	6-7
Statement of Revenues - Regulatory Basis	A-2	8-11
Statement of Expenditures - Regulatory Basis	A-3	12-19
<b>TRUST FUND</b>		
Comparative Balance Sheet - Regulatory Basis	B	20
<b>CAPITAL FUND</b>		
Comparative Balance Sheet - Regulatory Basis	C	21
Statement of Fund Balance - Regulatory Basis	C-1	22
<b>WATER AND SEWER FUNDS</b>		
Comparative Balance Sheet - Regulatory Basis	D	23-24
Comparative Statement of Operations and Change in Fund Balance - Regulatory Basis	D-1	25
Statement of Capital Fund Balance - Regulatory Basis	D-2	26
Statement of Revenues - Regulatory Basis	D-3	27
Statement of Expenditures - Regulatory Basis	D-4	28
<b>GENERAL FIXED ASSETS ACCOUNT GROUP</b>		
Statement of General Fixed Assets	E	29
<b>NOTES TO FINANCIAL STATEMENTS</b>		30-55
<b>SUPPLEMENTARY DATA</b>		
Independent Auditor's Report - Government Auditing Standards		56-57

# **BOROUGH OF STONE HARBOR**

## **TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
<b>CURRENT FUND</b>		
Schedule of Cash - Treasurer	A-4	58
Schedule of Current Cash - Collector	A-5	59
Schedule of Taxes Receivable and Analysis of Property Tax Levy	A-6	60
Schedule of Tax Title and Other Liens	A-7	61
Schedule of Revenue Accounts Receivable	A-8	62
Schedule of Appropriation Reserves-Prior Year	A-9	63-67
Schedule of Local District School Tax	A-10	68
Schedule of Federal and State Grants Receivable	A-11	69
Schedule of Appropriated Reserve for Federal and State Grants	A-12	70-71
Schedule of Federal and State Grants - Unappropriated Reserves	A-13	72
<b>TRUST FUNDS</b>		
Schedule of Cash - Treasurer	B-1	73
Schedule of Reserve for Animal Control Fund Expenditures	B-2	74
Schedule of Amount Due From State of New Jersey Department of Health	B-3	75
Schedule of Miscellaneous Reserves	B-4	76
<b>CAPITAL FUNDS</b>		
Schedule of Cash - Treasurer	C-2	77
Analysis of Cash	C-3	78
Statement of Deferred Charges to Future Taxation - Funded	C-4	79
Statement of Deferred Charges to Future Taxation - Unfunded	C-5	80
Schedule of Capital Improvement Fund	C-6	81
Schedule of Improvement Authorizations	C-7	82
Schedule of General Serial Bonds Payable	C-8	83
Schedule of New Jersey EIT Loans Payable	C-8a	84-87
Schedule of Bond Anticipation Notes	C-9	88
Schedule of Bonds and Notes Authorized But Not Issued	C-10	89

## **BOROUGH OF STONE HARBOR**

### **TABLE OF CONTENTS**

	<b>Exhibit</b>	<b>Page</b>
<b>WATER AND SEWER FUNDS</b>		
Schedule of Cash - Treasurer	D-5	90
Analysis of Cash	D-6	91
Schedule of Cash - Collector	D-7	92
Schedule of Consumer Accounts Receivable	D-8	93
Schedule of Utility Liens	D-9	n/a
Schedule of Appropriation Reserves - Prior Year	D-10	94
Schedule of Accrued Interest on Bonds and Notes and Analysis of Balance	D-11	95
Schedule of Improvement Authorizations	D-12	96
Schedule of Serial Bonds	D-13	97
Schedule of New Jersey EIT Loans Payable	D-13a	98-101
Schedule of Bond Anticipation Notes	D-14	102-103
Schedule of Bonds and Notes Authorized But Not Issued	D-15	104
<b>PART II</b>		
General Comments		105-107
Findings and Recommendations		108
Status of Prior Year Findings		108



**BOROUGH OF STONE HARBOR**

**PART 1**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS**

**AND SUPPLEMENTARY DATA**

**YEAR ENDED DECEMBER 31, 2022**







# FORD - SCOTT

& ASSOCIATES, L.L.C.

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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Members of Borough Council  
Borough of Stone Harbor  
County of Cape May, New Jersey

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Stone Harbor, as of December 31, 2022 and 2021, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Borough'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 Borough of Stone Harbor as of December 31, 2022 and 2021, or changes in financial position for the years then ended.

#### ***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets and account group as of December 31, 2022 and 2021, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2022 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Borough of Stone Harbor 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 Borough of Stone Harbor 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 Borough of Stone Harbor'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 Borough of Stone Harbor'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 Borough of Stone Harbor'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 Borough of Stone Harbor's basic financial statements. The supplementary information listed in the table of contents and the letter of comments and recommendations section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information listed in the table of contents is fairly stated, in all material respects, in relation to the regulatory basis financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, on our consideration of the Borough of Stone Harbor'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 Borough of Stone Harbor's internal control over financial reporting and compliance.

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

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

**June 30, 2023**



**EXHIBIT A - CURRENT FUND**



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

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Treasurer	\$ 7,532,328.07	6,416,686.05
Change and Petty Cash Funds	850.00	850.00
Total Cash	<u>7,533,178.07</u>	<u>6,417,536.05</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	229,490.22	175,317.33
Tax Title Liens	457.65	394.68
Revenue Accounts Receivable		
Municipal Court	2,651.58	1,100.61
Interfund Receivable:		
Due from Animal Control Fund	67.25	574.58
Total Receivables and Other Assets	<u>232,666.70</u>	<u>177,387.20</u>
Deferred Charges:		
Special Emergency Authorization	-	20,000.00
Total Deferred Charges	<u>-</u>	<u>20,000.00</u>
Total Regular Fund	<u>7,765,844.77</u>	<u>6,614,923.25</u>
Federal and State Grant Fund:		
Cash	341,453.66	326,112.10
Federal and State Grants Receivable	<u>3,001,076.71</u>	<u>3,037,976.71</u>
Total Federal and State Grant Fund	<u>3,342,530.37</u>	<u>3,364,088.81</u>
Total Current Fund	<u>\$ 11,108,375.14</u>	<u>9,979,012.06</u>

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

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

	<u>2022</u>	<u>2021</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,089,361.23	965,602.48
Encumbrances Payable	428,645.09	504,083.28
Accounts Payable	58,204.78	74,500.52
Prepaid Taxes	1,020,004.56	993,747.93
Overpaid Taxes	8,276.22	9,485.67
Due to State of New Jersey		
Senior Citizens and Veterans	4,200.19	3,774.16
DCA Training Fees	9,436.45	8,692.45
Marriage Licenses		
Local School Tax Payable	375,230.65	375,230.65
Reserve for municipal Relief Act	11,180.00	-
Payroll Taxes Payable	348.66	348.66
County Added Tax Payable	84,647.69	107,679.12
Prepaid Beach Fees	74,056.00	71,317.08
Prepaid Uniform Fire Code Fees	75,738.00	97,218.00
Due to Utility Operating	-	2,850.00
Other		
Reserve for HRA Funding	45,554.97	45,554.97
Reserve for Tax Appeals	2,435.00	2,435.00
Reserve for Building Repairs	3,779.55	3,779.55
Reserve for Reassessment Program	80,287.88	80,287.88
	<u>3,371,386.92</u>	<u>3,346,587.40</u>
Reserve for Receivables and Other Assets	232,666.70	177,387.20
Fund Balance	<u>4,161,791.15</u>	<u>3,090,948.65</u>
Total Regular Fund	<u>7,765,844.77</u>	<u>6,614,923.25</u>
Federal and State Grant Fund:		
Unappropriated Reserves	54,637.28	112,768.87
Appropriated Reserves	3,276,378.67	3,217,486.24
Encumbrances Payable	11,514.42	33,833.70
Total Federal and State Grant Fund	<u>3,342,530.37</u>	<u>3,364,088.81</u>
Total Current Fund	<u>\$ 11,108,375.14</u>	<u>9,979,012.06</u>

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



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

	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized		
Fund Balance	\$ 1,598,379.48	1,833,936.05
Miscellaneous Revenue Anticipated	3,656,889.21	3,437,279.33
Receipts from Delinquent Taxes	174,701.06	216,698.91
Receipts from Current Taxes	34,390,142.25	32,419,369.61
Non Budget Revenue	1,095,345.51	289,012.54
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	835,216.77	1,004,634.51
Interfund Returned	574.28	-
Total Income	<u>41,751,248.56</u>	<u>39,200,930.95</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	6,884,213.00	6,407,760.00
Other Expenses	4,224,837.48	4,206,840.00
Deferred Charges & Statutory Expenditures	1,345,829.00	1,301,688.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	662,391.52	737,250.44
Capital Improvements	1,602,050.00	1,410,355.00
Municipal Debt Service	4,099,198.05	4,012,515.25
Deferred Charges & Statutory Expenditures	440,000.00	752,650.05
Local District School Tax	2,594,142.00	2,594,142.00
County Tax	17,143,967.84	15,245,953.11
County Share of Added Tax	84,647.69	107,679.12
Interfund Created	-	0.62
Refund of Prior Revenue	750.00	-
Total Expenditures	<u>39,082,026.58</u>	<u>36,776,833.59</u>
Excess in Revenue	<u>2,669,221.98</u>	<u>2,424,097.36</u>

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

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

	<u>2022</u>	<u>2021</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by		
Statute Deferred Charges to Budgets of		
Succeeding Year	-	-
	<u>-</u>	<u>-</u>
Total Adjustments	-	-
Statutory Excess to Fund Balance	<u>2,669,221.98</u>	<u>2,424,097.36</u>
Fund Balance January 1	<u>3,090,948.65</u>	<u>2,500,787.34</u>
	5,760,170.63	4,924,884.70
Decreased by:		
Utilization as Anticipated Revenue	<u>1,598,379.48</u>	<u>1,833,936.05</u>
Fund Balance December 31	\$ <u><u>4,161,791.15</u></u>	<u><u>3,090,948.65</u></u>

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

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

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,598,379.48		1,598,379.48	-
Total Fund Balance Anticipated	1,598,379.48	-	1,598,379.48	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	10,000.00		10,626.00	626.00
Fees and Permits	410,000.00		500,478.36	90,478.36
Fines and Costs:				
Municipal Court	38,000.00		38,320.85	320.85
Interest and Costs on Taxes	55,000.00		64,715.96	9,715.96
Parking Meters	420,000.00		431,951.56	11,951.56
Interest on Investments and Deposits	14,000.00		32,567.68	18,567.68
Beach Fees	900,000.00		779,380.08	(120,619.92)
Beach Fee Rate Increase	300,000.00		300,000.00	-
Tennis Courts	75,000.00		123,302.80	48,302.80
Cell Tower Rent	47,000.00		49,990.52	2,990.52
Uniform Fire Code Official	150,000.00		164,504.50	14,504.50
Cable TV Franchise Fee	30,400.00		34,516.23	4,116.23
Beach Concession	100,000.00		122,000.00	22,000.00
Special Events Revenue	10,000.00		9,240.00	(760.00)
Total Section A: Local Revenues	2,559,400.00	-	2,661,594.54	102,194.54
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	214,317.00		214,316.60	(0.40)
Total Section B: State Aid Without Offsetting Appropriations	214,317.00	-	214,316.60	(0.40)

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

	Anticipated			
	Budget	N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	520,000.00		567,347.00	47,347.00
Total Section C: Uniform Construction Code Fees	520,000.00	-	567,347.00	47,347.00
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
American Rescue Plan	84,781.52		84,781.52	-
Police Body Worn Camera Grant	40,760.00		40,760.00	-
JIF Safety Grant	4,000.00		4,000.00	-
ACMJIF Wellness Grant	1,000.00		1,000.00	-
Cooperative Marketing Grant	10,800.00		10,800.00	-
Total Section F: Special Items - Public and Private Programs	141,341.52	-	141,341.52	-
Off-Set with Appropriations				

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

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section G: Special Items of General Revenue Anticipated with Prior Written Consent of Director of Local Government Services - Other Special Items; Uniform Fire Safety Act Reserve for Payment of Bonds	10,138.00 60,000.00		12,289.55 60,000.00	2,151.55 -
Total Section G: Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government Services - Other Special Items	<u>70,138.00</u>	<u>-</u>	<u>72,289.55</u>	<u>2,151.55</u>
Total Miscellaneous Revenues:	3,505,196.52		3,656,889.21	151,692.69
Receipts from Delinquent Taxes	<u>160,000.00</u>		<u>174,701.06</u>	<u>14,701.06</u>
Amount to be Raised by Taxes for Support of Municipal Budget Local Tax for Municipal Purposes	\$ 14,515,000.00		15,082,384.72	567,384.72
Total Amount to be Raised by Taxes for Support of Municipal Budget	<u>14,515,000.00</u>	<u>-</u>	<u>15,082,384.72</u>	<u>567,384.72</u>
Budget Totals	19,778,576.00	-	20,512,354.47	733,778.47
Non- Budget Revenues: Other Non- Budget Revenues:	-		1,095,345.51	1,095,345.51
	<u>\$ 19,778,576.00</u>	<u>-</u>	<u>21,607,699.98</u>	<u>1,829,123.98</u>

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

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	34,390,142.25
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Allocated to:

School, County and Other Taxes		<u>19,822,757.53</u>
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Balance for Support of Municipal Budget Appropriations		14,567,384.72
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		<u>515,000.00</u>
--	--	-------------------

Amount for Support of Municipal Budget Appropriations		<u><u>15,082,384.72</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	174,701.06	
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Tax Title Lien Collections	-	
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Total Receipts from Delinquent Taxes		<u><u>174,701.06</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Collector:

Duplicate Tax Bills		-
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Treasurer:

Police - MRNA	202.00	
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NSF Fees - Tax Collector	340.00	
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Senior & Vets Admin Fees	215.00	
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Street Vacation	1,000,000.00	
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Zoning Board	25,242.00	
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Property List	990.00	
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Premium on BAN Sale	58,757.10	
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Miscellaneous	<u>9,599.41</u>	
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		<u>1,095,345.51</u>
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Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>1,095,345.51</u></u>
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The Accompanying Notes To The Financial Statements Are An Integral Part of This Statement

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>OPERATIONS WITHIN "CAPS"</b>						
<b>GENERAL GOVERNMENT</b>						
General Administration						
Salaries and Wages	\$ 185,996.00	199,696.00	199,668.19	-	27.81	
Other Expenses	32,200.00	32,200.00	18,643.34	10,696.96	2,859.70	
Mayor and Council						
Salaries and Wages	88,345.00	88,345.00	84,283.44	-	4,061.56	
Other Expenses	14,650.00	14,650.00	13,502.68	207.66	939.66	
Municipal Clerk						
Salaries and Wages	223,392.00	196,392.00	195,326.62	-	1,065.38	
Other Expenses	39,800.00	39,800.00	31,462.59	2,697.35	5,640.06	
Financial Administration						
Salaries and Wages	90,842.00	60,842.00	59,692.53	-	1,149.47	
Other Expenses	57,870.00	60,870.00	60,071.44	-	798.56	
Elections						
Other Expenses	5,000.00	5,000.00	3,626.15	-	1,373.85	
Audit Services						
Other Expenses	30,750.00	22,750.00	21,800.00	-	950.00	
Collection of Taxes						
Salaries and Wages	64,581.00	67,081.00	67,079.25	-	1.75	
Other Expenses	13,350.00	13,350.00	12,292.44	203.89	853.67	
Assessment of Taxes						
Salaries and Wages	62,403.00	62,403.00	62,351.89	-	51.11	
Other Expenses	19,550.00	19,550.00	9,500.01	10,000.00	49.99	
Legal Services						
Other Expenses	150,000.00	135,000.00	115,246.10	-	19,753.90	
Engineering Services and Costs						
Other Expenses	50,000.00	32,000.00	29,887.45	-	2,112.55	
Insurance						
Other Insurance Premiums	366,000.00	366,000.00	301,197.64	33.20	64,769.16	
Employee Group Health	1,507,950.00	1,507,950.00	1,222,562.35	2,848.04	282,539.61	
Health Benefits Waiver						
Salaries and Wages	8,500.00	8,500.00	935.00	-	7,565.00	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>LAND USE ADMINISTRATION:</b>						
Planning Board						
Salaries and Wages	7,698.00	7,698.00	3,846.89	-	3,851.11	
Other Expenses	35,535.00	35,535.00	12,438.83	185.00	22,911.17	
Zoning Board of Adjustment						
Salaries and Wages	46,847.00	46,847.00	46,001.31	-	845.69	
Other Expenses	15,815.00	15,815.00	15,253.33	320.38	241.29	
<b>PUBLIC SAFETY:</b>						
Fire Department						
Salaries and Wages	449,701.00	468,301.00	465,635.56	-	2,665.44	
Other Expenses	180,218.48	196,218.48	183,537.32	576.00	12,105.16	
Police Department						
Salaries and Wages	1,893,315.00	1,793,315.00	1,793,315.00	-	-	
Other Expenses	105,900.00	105,900.00	63,422.75	31,376.98	11,100.27	
Office of Emergency Management						
Salaries and Wages	19,052.00	19,052.00	18,251.71	-	800.29	
Other Expenses	6,400.00	6,400.00	6,048.64	-	351.36	
Aid to Volunteer Rescue Squad	85,000.00	70,000.00	70,000.00	-	-	
Municipal Prosecutor						
Other Expenses	-	-	-	-	-	
Uniform Fire Code Official						
Salaries and Wages	119,064.00	119,454.00	119,447.44	-	6.56	
Other Expenses	12,150.00	12,150.00	8,849.87	159.00	3,141.13	
Fire Hydrant Service						
Other Expenses	2,850.00	2,850.00	2,850.00	-	-	
Municipal Court						
Salaries and Wages	-	-	-	-	-	
Other Expenses	-	-	-	-	-	
Public Defender						
Other Expenses	-	-	-	-	-	



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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
<b>PUBLIC WORKS:</b>						
Public Building and Grounds						
Other Expenses						
Public Works						
Salaries and Wages	129,410.00	147,410.00	135,318.55	10,973.52	1,117.93	
Other Expenses	1,189,200.00	1,344,200.00	1,340,559.64	-	3,640.36	
Solid Waste Collection	192,600.00	192,600.00	149,170.52	21,410.72	22,018.76	
Salaries and Wages	765,000.00	805,000.00	800,639.01	-	4,360.99	
Other Expenses	272,580.00	224,640.00	182,352.83	13,920.82	28,366.35	
<b>NATURAL RESOURCES</b>						
Natural Resources Committee						
Salaries and Wages	-	-			-	
Other Expenses	64,470.00	64,470.00	56,268.92	8,100.16	100.92	
<b>NATURAL RESOURCES</b>						
Animal Control						
Other Expenses	20,000.00	22,000.00	21,678.95	1.20	319.85	
<b>HEALTH AND HUMAN SERVICES:</b>						
Safety Compliance						
Other Expenses	30,600.00	30,600.00	30,371.34	-	228.66	
<b>RECREATION AND EDUCATION:</b>						
Docks, Bulkheads and Seawall						
Salaries and Wages	8,250.00	8,250.00	6,625.00	-	1,625.00	
Beach Patrol						
Salaries and Wages	1,136,500.00	1,111,500.00	1,081,304.82		5,195.18	25,000.00
Other Expenses	64,250.00	64,250.00	63,962.00	-	288.00	

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Parks and Playgrounds	201,000.00	181,650.00	181,095.97	-	554.03	
Salaries and Wages	70,785.00	62,785.00	53,275.81	4,405.08	5,104.11	
Other Expenses	-	-	-	-	-	
Special Events	-	-	-	-	-	
Salaries and Wages	60,400.00	64,400.00	64,326.90	-	73.10	
Tourism	124,944.00	114,944.00	99,841.68	6,265.00	8,837.32	
Salaries and Wages	30,500.00	30,500.00	30,500.00	-	-	
Other Expenses						
Museum						
<b>UNIFORM CONSTRUCTION CODE:</b>						
State Uniform Construction Code	236,287.00	236,287.00	230,415.54	-	5,871.46	
Construction Official	17,650.00	17,650.00	12,726.80	2,526.17	2,397.03	
Salaries and Wages						
Other Expenses						
<b>UNCLASSIFIED:</b>						
Longevity Pay for Employees	20,000.00	20,000.00	17,831.84	-	2,168.16	
<b>UTILITY EXPENSES AND BULK PURCHASES:</b>						
Electric	161,000.00	161,000.00	159,149.73	-	1,850.27	
Gasoline	140,000.00	160,000.00	159,941.31	58.69	0.00	
Street Lighting	132,000.00	132,000.00	113,341.75	16,354.41	2,303.84	
Telephone	52,000.00	52,000.00	38,310.76	-	13,689.24	
Natural Gas	43,000.00	48,000.00	41,473.11	-	6,526.89	
<b>TOTAL OPERATIONS WITHIN "CAPS"</b>	<b>11,153,150.48</b>	<b>11,128,050.48</b>	<b>10,388,510.54</b>	<b>143,320.23</b>	<b>571,219.71</b>	<b>25,000.00</b>

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Contingent	6,000.00	6,000.00	5,908.07	-	91.93	
<b>TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"</b>	<b>11,159,150.48</b>	<b>11,134,050.48</b>	<b>10,394,418.61</b>	<b>143,320.23</b>	<b>571,311.64</b>	<b>25,000.00</b>
Detail:						
Salaries and Wages	6,876,373.00	6,909,213.00	6,838,633.55	-	45,579.45	25,000.00
Other Expenses	4,282,777.48	4,224,837.48	3,555,785.06	143,320.23	525,732.19	-
<b>DEFERRED CHARGES/STATUTORY EXPENDITURES</b>						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees Retirement System	393,744.00	393,744.00	393,744.00	-	-	
Social Security System (O.A.S.I.)	512,000.00	524,100.00	520,268.73	-	3,831.27	
Police and Fire Retirement System of N.J.	391,485.00	391,485.00	391,485.00	-	-	
Unemployment Compensation Insurance	29,000.00	31,000.00	29,870.00	-	1,130.00	
Defined Contribution Retirement Plan	4,500.00	5,500.00	5,301.97	-	198.03	
<b>TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:</b>	<b>1,330,729.00</b>	<b>1,345,829.00</b>	<b>1,340,669.70</b>	<b>-</b>	<b>5,159.30</b>	<b>-</b>
<b>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"</b>	<b>12,489,879.48</b>	<b>12,479,879.48</b>	<b>11,735,088.31</b>	<b>143,320.23</b>	<b>576,470.94</b>	<b>25,000.00</b>

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
OPERATIONS - EXCLUDED FROM "CAPS"						
(A) Operations - Excluded from "CAPS"						
Interlocal Municipal Service Agreements						
County of Cape May Interlocal Agreement						
Police Dispatch Services						
Other Expenses	269,000.00	269,000.00	269,000.00	-	-	
Health Insurance	14,250.00	14,250.00	14,250.00	-	-	
Financial Administration - CFO	82,300.00	82,300.00	81,018.66	-	1,281.34	
Municipal Court - Shared Services	155,500.00	155,500.00	155,500.00	-	-	
<b>TOTAL SHARED SERVICE AGREEMENTS</b>	<b>521,050.00</b>	<b>521,050.00</b>	<b>519,768.66</b>	<b>#</b>	<b>1,281.34</b>	<b>-</b>
(A) Public and Private Programs Off-Set by						
Revenues						
Safety Grant	4,000.00	4,000.00	4,000.00	-	-	
Cooperative Marketing Agreement	10,800.00	10,800.00	10,800.00	-	-	
ACMJIF- Wellness Grant	1,000.00	1,000.00	1,000.00	-	-	
American Rescue Plan	84,781.52	84,781.52	84,781.52	-	-	
Police Body Worn Camera	40,760.00	40,760.00	40,760.00	-	-	
<b>Total Public and Private Programs Off-Set by</b>	<b>141,341.52</b>	<b>141,341.52</b>	<b>141,341.52</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues						
<b>Total Operations - Excluded from "CAPS"</b>	<b>662,391.52</b>	<b>662,391.52</b>	<b>661,110.18</b>	<b>-</b>	<b>1,281.34</b>	<b>-</b>
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	662,391.52	662,391.52	661,110.18	-	1,281.34	-

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

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	55,000.00	55,000.00	55,000.00	-	-	-
Computers/ Phones/ Door Lock System	10,000.00	45,000.00	23,338.90	7,290.00	14,371.10	
Beach Patrol Equipment	25,000.00	25,000.00	8,602.86	11,211.50	5,185.64	
PW Grounds Equipment - Tire Changer / Balancer	20,000.00	20,000.00	-	-	20,000.00	
Recreation - Keyless Entry System	18,500.00	18,500.00	18,240.09	-	259.91	
Police Vehicle	88,500.00	88,500.00	-	55,302.00	33,198.00	
Public Works Vehicle - Retrofit	184,000.00	184,000.00	-	123,344.00	60,656.00	
Police Equipment	49,050.00	49,050.00	22,037.01	10,751.05	16,261.94	
Back Bay Dredge Management	300,000.00	300,000.00	300,000.00	-	-	
Public Works Equipment	20,000.00	20,000.00	-	8,695.00	11,305.00	
Fire Department Equipment	142,000.00	142,000.00	141,085.20	-	914.80	
Beach Replenishment	300,000.00	300,000.00	231,361.32	68,638.68	-	
Bulkhead Replacement	315,000.00	315,000.00	-	-	315,000.00	
Generator/HVAC	15,000.00	15,000.00	1,940.86	-	13,059.14	
Construction Office Furnishings	10,000.00	10,000.00	3,509.95	92.63	6,397.42	
Building/Fence & Security	15,000.00	15,000.00	-	-	15,000.00	
<b>Total Capital Improvements</b>	<b>1,567,050.00</b>	<b>1,602,050.00</b>	<b>805,116.19</b>	<b>285,324.86</b>	<b>511,608.95</b>	<b>-</b>
(D) Debt Service						
Payment of Bond Principal	2,595,000.00	2,595,000.00	2,594,310.46	-	-	689.54
Interest on Bonds	1,035,256.25	1,035,256.25	1,030,888.84	-	-	4,367.41
Interest on Notes	162,000.00	162,000.00	162,000.00	-	-	-
New Jersey Environmental Infrastructure Trust						
Principal	256,470.00	256,470.00	256,470.00	-	-	-
Interest	55,528.75	55,528.75	55,528.75	-	-	-
<b>Total Debt Service</b>	<b>4,104,255.00</b>	<b>4,104,255.00</b>	<b>4,099,198.05</b>	<b>-</b>	<b>-</b>	<b>5,056.95</b>

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

	Appropriations		Paid or		Expended		(Over expended) Unexpended Balance Canceled
	Budget	Budget After Modifications	Charged	Encumbered	Reserved	Reserved	
(E) Deferred Charges							
Emergency Authorizations		-		-	-		
Emergency Authorizations				-	-		
Special Emergency Authorization - 5 years	20,000.00	20,000.00	20,000.00				
Deferred Charged to Future Taxation Unfunded:							
Ordinance 1356		-		-	-		
Ordinance 1390		-		-	-		
Ordinance 1546	420,000.00	420,000.00	420,000.00	-	-		
	<u>440,000.00</u>	<u>440,000.00</u>	<u>440,000.00</u>	<u>-</u>	<u>-</u>		<u>-</u>
Total Deferred Charges							
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	6,773,696.52	6,808,696.52	6,005,424.42	285,324.86	512,890.29		5,056.95
SUBTOTAL GENERAL APPROPRIATIONS	<u>19,263,576.00</u>	<u>19,288,576.00</u>	<u>17,740,512.73</u>	<u>428,645.09</u>	<u>1,089,361.23</u>		<u>30,056.95</u>
(M) Reserve for Uncollected Taxes	515,000.00	515,000.00	515,000.00	-	-		
TOTAL GENERAL APPROPRIATIONS	<u>\$ 19,778,576.00</u>	<u>19,803,576.00</u>	<u>18,255,512.73</u>	<u>428,645.09</u>	<u>1,089,361.23</u>		<u>30,056.95</u>
Budget		19,778,576.00					
Emergency Appropriations		<u>25,000.00</u>					
		<u>19,803,576.00</u>					
Reserve for Uncollected Taxes			515,000.00				
Federal and State Grants			141,341.52				
Deferred Charges - Special Emergency			20,000.00				
Disbursements			17,579,171.21				
			<u>18,255,512.73</u>				

**EXHIBIT B - TRUST FUND**





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

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Animal Control Fund:		
Cash	\$ 145.35	677.02
	<u>145.35</u>	<u>677.02</u>
Other Funds:		
Cash - Treasurer	2,932,061.67	2,594,237.64
	<u>2,932,061.67</u>	<u>2,594,237.64</u>
	<u>\$ 2,932,207.02</u>	<u>2,594,914.66</u>
 <b>LIABILITIES, RESERVES AND FUND BALANCE</b>		
Animal Control Fund:		
Due to State of New Jersey	\$ -	10.80
Due to Current Fund	67.25	574.58
Reserve for Expenditures	78.10	91.64
	<u>145.35</u>	<u>677.02</u>
Other Funds:		
Reserves - Miscellaneous	2,932,061.67	2,594,237.64
	<u>2,932,061.67</u>	<u>2,594,237.64</u>
	<u>\$ 2,932,207.02</u>	<u>2,594,914.66</u>

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



## **EXHIBIT C - CAPITAL FUND**



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

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>			
Cash	\$	1,453,408.32	9,402,300.54
Deferred Charges to Future Taxation -			
Funded		25,872,260.99	28,726,431.89
Unfunded		23,869,562.63	23,900,062.63
Interfunds and Receivables			
Due from State of New Jersey - EIT		595,381.40	595,381.40
		<u>51,790,613.34</u>	<u>62,624,176.46</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Contracts Payable		1,418,291.66	6,231,047.25
Serial Bonds Payable		23,535,000.00	26,130,000.00
NJEIT Loan Payable		2,337,260.99	2,596,431.89
Bond Anticipation Notes Payable		8,430,000.00	10,800,000.00
Improvement Authorizations:			
Funded		404,741.82	496,096.99
Unfunded		13,919,623.54	14,999,405.00
Reserve for Payment of NJEIT Loan		260,393.12	260,393.12
Reserve for Payment of Bonds		28,848.43	88,848.43
Reserve for Arbitrage Liability		1,699.33	1,699.33
Reserve for Preliminary Costs		841.69	841.69
Reserve for Back Bay Dredging		792,000.00	492,000.00
Reserve for Beach Replenishment		592,000.00	492,000.00
Capital Improvement Fund		69,793.00	35,293.00
Fund Balance		119.76	119.76
	\$	<u>51,790,613.34</u>	<u>62,624,176.46</u>

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

2021	13,100,062.63
2022	15,439,562.63

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

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

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Beginning Balance January 1	\$	119.76	119.76
No current year activity			
Ending Balance December 31	\$	<u>119.76</u>	<u>119.76</u>

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

**EXHIBIT D - WATER AND SEWER FUND**





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

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>			
Operating Fund:			
Cash	\$	1,239,408.76	2,399,300.22
Change Fund		50.00	50.00
		<u>1,239,458.76</u>	<u>2,399,350.22</u>
Receivables and Other Assets:			
Water & Sewer Rents Receivable		107,718.24	79,630.35
Due from Water & Sewer Capital Fund		151,262.70	-
Due from Current Fund		-	2,850.00
		<u>258,980.94</u>	<u>82,480.35</u>
Deferred Charges:			
Deficit in Operations		99,094.19	-
		<u>99,094.19</u>	<u>-</u>
Total Operating Fund		<u>1,597,533.89</u>	<u>2,481,830.57</u>
Capital Fund:			
Cash - Treasurer		-	2,098,107.71
Due from N.J. Environ. Infrastructure Trust			
2010 Series A		2,830.00	2,830.00
2012 Series A		224,742.87	224,742.87
2015 Series		845,361.30	845,361.30
Due from Water & Sewer Operating		-	617,480.00
Fixed Capital		45,559,064.46	12,622,948.87
Fixed Capital - Authorized and Uncompleted		7,227,059.41	40,163,175.00
Total Capital Fund		<u>53,859,058.04</u>	<u>56,574,645.75</u>
	\$	<u><u>55,456,591.93</u></u>	<u><u>59,056,476.32</u></u>

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

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

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	\$	105,228.08	54,086.39
Reserve for Encumbrances		35,005.27	75,622.78
Accounts Payable		2,045.00	1,900.00
Due to Utility Capital Fund		-	617,480.00
Utility Overpayments		30,166.00	3,712.94
Accrued Interest on Bonds and Notes		63,834.88	67,178.06
		<u>236,279.23</u>	<u>819,980.17</u>
Reserve for Receivables		107,718.24	79,630.35
Fund Balance		1,253,536.42	1,582,220.05
Total Operating Fund		<u>1,597,533.89</u>	<u>2,481,830.57</u>
Capital Fund:			
Encumbrances Payable		1,894,692.59	4,645,539.94
Serial Bonds Payable		180,000.00	355,000.00
N.J. Environmental Infrastructure Trust Loans		4,396,180.61	4,959,132.86
Bond Anticipation Notes		17,718,400.00	18,712,000.00
Improvement Authorizations:			
Funded		-	-
Unfunded		7,227,059.41	7,469,618.35
Due from Water & Sewer Operating		151,262.70	-
Reserve for Amortization		21,680,568.26	19,945,957.38
Deferred Reserve for Amortization		238,700.00	238,700.00
Reserve for Payment of Bonds		60,000.00	60,000.00
Reserve for Payment of BANs		123,497.25	-
Reserve for Insurance Reimbursement		71,505.06	71,505.06
Capital Improvement Fund		82,575.77	82,575.77
Fund Balance		34,616.39	34,616.39
Total Capital Fund		<u>53,859,058.04</u>	<u>56,574,645.75</u>
	\$	<u>55,456,591.93</u>	<u>59,056,476.32</u>

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

2021	8,575,333.63
2022	8,572,275.00

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

**WATER AND SEWER UTILITY FUND  
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES  
IN FUND BALANCE - REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Revenue and Other Income Realized			
Fund Balance	\$	328,683.63	428,531.32
Water & Sewer Rents		4,347,325.59	4,177,195.80
Fire Hydrant Service		2,850.00	2,850.00
Miscellaneous Revenue		138,807.80	228,955.93
Miscellaneous Unanticipated Revenue		-	220,464.78
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		64,735.60	256,470.69
Total Income		<u>4,882,402.62</u>	<u>5,314,468.52</u>
Expenditures			
Operations			
Salaries and Wages		490,000.00	437,500.00
Other Expenses		567,200.00	536,000.00
Interlocal Agreement - CFO		20,580.00	19,600.00
Cape May County MUA		1,661,300.00	1,656,200.00
Capital Improvements		96,000.00	91,600.00
Debt Service		2,106,558.18	1,584,348.74
Statutory & Deferred Charges		39,858.63	367,211.32
Total Expenditures		<u>4,981,496.81</u>	<u>4,692,460.06</u>
Excess/(Deficit) in Revenue		<u>(99,094.19)</u>	<u>622,008.46</u>
Adjustments to Income before Fund Balance:			
Expenditures included above which are by			
Statute Deferred Charges to Budgets of			
Succeeding Year:			
Deficit in Operatoins		99,094.19	-
Total Adjustments		<u>99,094.19</u>	<u>-</u>
Excess in Operations		<u>0.00</u>	<u>622,008.46</u>
Fund Balance January 1		<u>1,582,220.05</u>	<u>1,388,742.91</u>
		1,582,220.05	2,010,751.37
Decreased by:			
Utilization as Anticipated Revenue		<u>328,683.63</u>	<u>428,531.32</u>
Fund Balance December 31	\$	<u><u>1,253,536.42</u></u>	<u><u>1,582,220.05</u></u>

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

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

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Beginning Balance January 1	\$	34,616.39	34,616.39
Increased by:			
No Activity			
		<u>-</u>	<u>-</u>
		34,616.39	34,616.39
Decreased by:			
No Activity			
		<u>-</u>	<u>-</u>
Ending Balance December 31	\$	<u><u>34,616.39</u></u>	<u><u>34,616.39</u></u>

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

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

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 328,683.63	328,683.63	-
Rents - Water & Sewer	4,115,000.00	4,022,325.59	(92,674.41)
Sewer Rate Increase	325,000.00	325,000.00	-
Fire Hydrant Service	2,850.00	2,850.00	-
Miscellaneous	220,000.00	138,807.80	(81,192.20)
	<u>\$ 4,991,533.63</u>	<u>4,817,667.02</u>	<u>(173,866.61)</u>

Analysis of Realized Revenue:

Consumer Accounts Receivable:

Water and Sewer Rents	
Current Collections	4,343,612.65
Prepayments & Overpayments Applied	3,712.94

4,347,325.59

Miscellaneous

Meter Boxes & Fittings	39,314.84
Final Meter Reading	3,825.00
Meter Rental	3,000.00
Sewer Service	2,653.00
Fire Suppression	13,154.26
Disconnect	4,200.00
Infrastructure Maintenance Fees	31,674.25
Penalties & Interest	2,485.75
Miscellaneous	2,181.07
Street Openings	18,915.00
Turn off/on	7,275.00
Interest on Investments	10,129.63
	<u>138,807.80</u>

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

**WATER AND SEWER UTILITY FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Operations:					
Salaries and Wages	\$ 490,000.00	490,000.00	487,718.93		2,281.07
Other Expenses	598,500.00	567,200.00	527,162.01	35,005.27	5,032.72
Cape May County MUA	1,630,000.00	1,661,300.00	1,661,267.00		33.00
Interlocal Agreement - CFO	20,580.00	20,580.00	20,254.66		325.34
	<u>2,739,080.00</u>	<u>2,739,080.00</u>	<u>2,696,402.60</u>	<u>35,005.27</u>	<u>7,672.13</u>
					-
Capital Improvements:					
Capital Improvement Fund	96,000.00	-			-
Capital Outlay		96,000.00		96,000.00	
	<u>96,000.00</u>	<u>96,000.00</u>	<u>-</u>	<u>-</u>	<u>96,000.00</u>
					-
Debt Service:					
Payment of Bond Principal	740,985.00	740,985.00	740,549.81		435.19
Payment on BAN's & Capital Notes	996,500.00	996,500.00	996,500.00		-
Interest on Bonds	98,430.00	98,430.00	88,828.37		9,601.63
Interest on Notes	280,680.00	280,680.00	280,680.00		-
	<u>2,116,595.00</u>	<u>2,116,595.00</u>	<u>2,106,558.18</u>	<u>-</u>	<u>10,036.82</u>
Deferred Charges and Statutory Expenditures:					
Unfunded Ordinance - 1399	158.63	158.63	158.63		-
Social Security System	37,500.00	37,500.00	36,053.88		1,446.12
Unemployment	2,200.00	2,200.00	2,090.17		109.83
	<u>39,858.63</u>	<u>39,858.63</u>	<u>38,302.68</u>	<u>-</u>	<u>1,555.95</u>
					-
	<u>\$ 4,991,533.63</u>	<u>4,991,533.63</u>	<u>4,841,263.46</u>	<u>35,005.27</u>	<u>10,036.82</u>

The Accompanying Notes To The Financial Statements Are An Integral Part Of Statement

**EXHIBIT E - GENERAL FIXED ASSETS ACCOUNT GROUP**





**STATEMENT OF GENERAL FIXED ASSETS**  
**DECEMBER 31,**  
**REGULATORY BASIS**

	<u>2022</u>	<u>2021</u>
General Fixed Assets:		
Land	\$ 78,321,333.00	78,321,333.00
Land Improvements	66,634.52	66,634.52
Buildings and Improvements	4,431,896.66	4,431,896.66
Investment in COAH Properties	1,536,468.29	1,536,468.29
Machinery and Equipment	11,604,611.50	11,141,999.02
	<u>95,960,943.97</u>	<u>95,498,331.49</u>
Investment in General Fixed Assets	\$ <u>95,960,943.97</u>	<u>95,498,331.49</u>

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



## **NOTES TO FINANCIAL STATEMENTS**



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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

**B. Description of Funds**

The accounting policies of the Borough of Stone Harbor 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 Borough of Stone Harbor accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

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

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

**C. Basis of Accounting**

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

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

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

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

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

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

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. Expenditures for long lived assets with an original cost in excess of \$2,000.00 are capitalized.

No depreciation has been provided for in the financial statements.

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

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

Property and equipment purchased by the Water and Sewer Utility Fund 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.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

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

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

Capitalization of Interest -- It is the policy of the Borough of Stone Harbor to treat interest on projects as a current expense and the interest is included in both the current and utility operating budgets with the exception of certain projects financed by the New Jersey Environmental Infrastructure Trust.

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

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**F. Recent Accounting Pronouncements Not Yet Effective**

In March 2021, 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 Borough's financial reporting.

In May 2021, 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 Borough's financial reporting.

In April 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 99, "Omnibus 2022". This statement, which is effective for periods beginning after June 15, 2022, and all reporting periods thereafter, will not have any effect on the Borough's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 100, "Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62". This statement, which is effective for periods beginning after June 15, 2023, and all reporting periods thereafter, will not have any effect on the Borough's financial reporting.

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, "Compensated Absences". This statement, which is effective for periods beginning after June 15, 2023, and all reporting periods thereafter, may have an effect on the Borough's financial reporting for footnote disclosure.

**NOTE 2: BUDGETARY INFORMATION**

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2022 and 2021 statutory budgets included a reserve for uncollected taxes in the amount of \$515,000.00 and \$510,000.00, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2022 and 2021 statutory budgets was \$1,598,379.48 and \$1,833,936.05.00, respectively. In addition, the entity operates a self-liquidating water and sewer utility. Under New Jersey Statutes a separate budget for the utility must be adopted concurrently with the operating budget of the entity. 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 2022 and 2021 statutory budgets was \$328,683.63 and \$ \$428,531.32.

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 Borough Council.



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

**NOTE 2: BUDGETARY INFORMATION - Continued**

The following significant budget transfers were approved in the 2022 and 2021 calendar years:

<u>Budget Category</u>	<u>2022</u>	<u>2021</u>
<u>Current Fund:</u>		
Municipal Clerk		
Other Expenses		10,000.00
Planning Board		
Other Expenses		17,000.00
Legal Services		
Other Expenses	15,000.00	30,000.00
Engineering Services and Costs		
Other Expenses	18,000.00	35,000.00
Fire Department		
Other Expenses		(37,000.00)
Beach Patrol		
Salaries and Wages	25,000.00	
Public Works		
Salaries and Wages	(155,000.00)	(55,000.00)
Tourism		
Other Expenses		(15,000.00)

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2022 and 2021, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2022</u>	<u>2021</u>
N/A	N/A	N/A

The Borough 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. The Borough approved a special emergency appropriations in the amount of, 250,000.00 in 2016 and \$100,000.00 in 2017. The 2016 Special Emergency was for Revaluation of Real Property and the 2017 Special Emergency was for the Master Plan. The unfunded balances of all Special Emergencies as of December 31, 2022 was 0.00. The Borough also approved an emergency appropriation of \$25,000 in 2022, this emergency was for Beach Patrol Salaries and Wages and was later cancelled.

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

**NOTE 3: INVESTMENTS**

As of December 31, 2022 and 2021, the municipality had no investments.

**Interest Rate Risk.** The municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days.

**Credit Risk.** New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk.** The municipality places no limit on the amount the entity can invest in any one issuer.

**NOTE 4: CASH**

**Custodial Credit Risk – Deposits.** Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The municipality's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the municipality relative to the happening of a future condition. As of December 31, 2022 and 2021, \$2,270,753.76 of 13,795,497.53 and \$2,025,841.14 \$2,982,587.88 of the municipality's bank balance of 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, 2022 and 2021:

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022
Land	\$ 78,321,333.00			\$ 78,321,333.00
Building	66,635.00			66,635.00
Building Improvements	4,431,896.18			4,431,896.18
Investment in COAH Property	1,536,468.29			1,536,468.29
Equipment and Machinery	11,141,999.02	462,612.48		11,604,611.50
	<u>\$ 95,498,331.49</u>	<u>462,612.48</u>	<u>-</u>	<u>95,960,943.97</u>

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

**NOTE 5: FIXED ASSETS - Continued**

	Balance 12/31/2020	Additions	Retirements	Balance 12/31/2021
Land	\$ 78,321,333.00			\$ 78,321,333.00
Building	66,635.00			66,635.00
Building Improvements	4,431,896.18			4,431,896.18
Investment in COAH Property		1,536,468.29		1,536,468.29
Equipment and Machinery	10,311,049.49	855,855.67	24,906.14	11,141,999.02
	<u>\$ 93,130,913.67</u>	<u>2,392,323.96</u>	<u>24,906.14</u>	<u>95,498,331.49</u>

**Note 6: SHORT-TERM OBLIGATIONS**

At December 31, 2022, the Borough has a bond anticipation outstanding in the amount of \$26,148,400, due October 13, 2023 with interest at 5.0%.

	Balance 12/31/21	Issued	Retired	Balance 12/31/22
Bond Anticipation				
Notes payable:				
General	\$ 10,800,000.00	8,430,000.00	10,800,000.00	8,430,000.00
Water & Sewer	18,712,000.00	17,718,400.00	18,712,000.00	17,718,400.00
	<u>\$ 29,512,000.00</u>	<u>26,148,400.00</u>	<u>29,512,000.00</u>	<u>26,148,400.00</u>

At December 31, 2021, the Borough has a bond anticipation outstanding in the amount of \$29,512,000.00, due October 28, 2022 with interest at 1.5%.

	Balance 12/31/20	Issued	Retired	Balance 12/31/21
Bond Anticipation				
Notes payable:				
General	\$ 2,500,000.00	10,800,000.00	2,500,000.00	10,800,000.00
Water & Sewer	15,355,173.00	18,712,000.00	15,355,173.00	18,712,000.00
	<u>\$ 17,855,173.00</u>	<u>29,512,000.00</u>	<u>17,855,173.00</u>	<u>29,512,000.00</u>

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

**NOTE 7: LONG TERM DEBT**

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

	Balance 12/31/20	Retired	Cancelled	Balance 12/31/21	Amounts Due Within One Year
Bonds payable:					
General	\$ 28,670,000.00	2,540,000.00		26,130,000.00	2,595,000.00
Utility	525,000.00	170,000.00		355,000.00	175,000.00
Total	29,195,000.00	2,710,000.00	-	26,485,000.00	2,770,000.00
Other liabilities:					
Loans Payable:					
General	3,050,456.53	254,985.32	199,039.32	2,596,431.89	259,170.91
Utility	5,435,113.60	475,980.74		4,959,132.86	562,952.25
Total long-term liabilities	<u>\$ 37,680,570.13</u>	<u>3,440,966.06</u>	<u>199,039.32</u>	<u>34,040,564.75</u>	<u>3,592,123.16</u>
	Balance 12/31/21	Retired	Cancelled	Balance 12/31/22	Amounts Due Within One Year
Bonds payable:					
General	\$ 26,130,000.00	2,595,000.00		23,535,000.00	2,690,000.00
Utility	355,000.00	175,000.00		180,000.00	180,000.00
Total	26,485,000.00	2,770,000.00	-	23,715,000.00	2,870,000.00
Other liabilities:					
Loans Payable:					
General	2,596,431.89	259,170.90		2,337,260.99	263,882.77
Utility	4,959,132.86	562,952.25		4,396,180.61	574,733.42
Total long-term liabilities	<u>\$ 34,040,564.75</u>	<u>3,592,123.15</u>	<u>-</u>	<u>30,448,441.60</u>	<u>3,708,616.19</u>

**Outstanding Bonds Whose Principal and Interest are Paid From the Current Fund Budget of the Entity:**

\$12,750,000.00 General Improvement Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at a varying rate ranging from 3.0% to 3.125%. The balance remaining as of December 31, 2022 is \$1,325,000.00.

\$27,455,000.00 General Improvement Bonds dated November 1, 2018, due in annual installments through November 1, 2032, bearing interest at a varying rate ranging from 3.250% to 5.00%. The balance remaining as of December 31, 2022 is \$22,210,000.00.

\$1,013,511.00 N.J. Environmental Trust Loan Bond Series B dated December 2, 2010, due in annual installments beginning August 1, 2012 through August 1, 2030, bearing interest at 5.00%. The balance remaining as of December 31, 2022 is \$377,301.16.

\$358,462.00 N.J. Environmental Fund Loan Bond dated December 2, 2010, due in semi-annual installments through August 1, 2030, bearing no interest. The balance remaining at December 31, 2022 is \$201,956.62.

\$141,786.00 N.J. Environmental Trust Loan Bond Series ABC dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2022 is \$31,177.58.

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

**NOTE 7: LONG TERM DEBT - Continued**

\$105,536.00 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2022 is \$67,153.67

\$1,070,575.00 N.J. Environmental Trust Loan Bond Series A dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2022 is \$417,922.86

\$493,799.00 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2022 is \$265,995.07

\$346,667.00 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in annual installments beginning August 1, 2017 through August 1, bearing interest ranging from 4.00% to 5.00%. The balance remaining at December 31, 2022 is \$251,666.67.

\$1,123,006.00 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in annual installments beginning August 1, 2017 through August 1, bearing no interest. The balance remaining at December 31, 2022 is \$591,426.67.

\$161,181.00 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in annual installments beginning August 1, 2017 through August 1, bearing interest ranging from 4.00% to 5.00%. The balance remaining at December 31, 2022 is \$41,666.51

\$177,296.00 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in annual installments beginning August 1, 2017 through August 1, bearing no interest. The balance remaining at December 31, 2022 is \$90,994.18

**Outstanding Bonds Whose Principal and Interest are Paid From the Utility Operating Fund of the Entity:**

\$1,620,000.00 Water & Sewer Utility Bonds dated November 1, 2011, due in annual installments through November 1, 2023, bearing interest at a varying rate ranging from 2.0% to 3.125%. The balance remaining as of December 31, 2022 is \$180,000.00.

\$920,000.00 N.J. Environmental Trust Loan Bond Series A dated November 8, 2007, due in annual installments beginning August 1, 2009 through August 1, 2027, bearing interest at varying rates. The balance remaining as of December 31, 2022 is \$283,000.00.

\$901,733.00 N.J. Environmental Fund Loan Bond Series A dated November 8, 2007, due in semi-annual installments through August 1, 2027, bearing no interest. The balance remaining at December 31, 2022 is \$230,407.91

\$707,506.00 N.J. Environmental Trust Loan Bond Series A dated March 10, 2010, due in annual installments beginning August 1, 2011 through August 1, 2029, bearing no interest. The balance remaining as of December 31, 2022 is \$337,000.00.

\$2,023,865.00 N.J. Environmental Fund Loan Bond Series A dated March 10, 2010, due in semi-annual installments through August 1, 2029, bearing no interest. The balance remaining at December 31, 2022 is \$495,127.66

\$273,203.37 N.J. Environmental Trust Loan Bond Series B dated December 2, 2010, due in annual installments beginning August 1, 2012 through August 1, 2030, bearing interest at 5.00%. The balance remaining as of December 31, 2022 is \$101,698.84

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

**NOTE 7: LONG TERM DEBT - Continued**

\$111,087.48 N.J. Environmental Fund Loan Bond dated December 2, 2010, due in semi-annual installments through August 1, 2030, bearing no interest. The balance remaining at December 31, 2022 is \$54,435.98.

\$728,304.13 N.J. Environmental Trust Loan Bond Series ABC dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2022 is \$120,345.42

\$728,304.00 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2022 is \$259,213.13.

\$906,832.75 N.J. Environmental Trust Loan Bond Series A dated May 3, 2012, due in annual installments beginning August 1, 2013 through August 1, 2031, bearing interest ranging from 2.00% to 5.00%. The balance remaining as of December 31, 2022 is \$344,304.15

\$406,814.50 N.J. Environmental Fund Loan Bond dated May 3, 2012, due in semi-annual installments through August 1, 2031, bearing no interest. The balance remaining at December 31, 2022 is \$219,139.01

\$2,063,781.00 N.J. Environmental Fund Loan Bond dated May 21, 2015, due in semi-annual installments through September 1, 2034, bearing interest ranging from 4.00% to 5.00%. The balance as of December 31, 2022 is \$503,333.33.

\$1,522,720.00 N.J. Environmental Fund Loan Bond dated May 21, 2017, due in semi-annual installments through September 1, 2034, bearing no interest. The balance remaining at December 31, 2022 is \$1,182,853.33

\$326,362.00 N.J. Environmental Fund Loan Bond dated May 21, 2017, due in semi-annual installments through September 1, 2034, bearing interest ranging from 4.00% to 5.00%. The balance as of December 31, 2022 is \$83,333.49.

\$354,593.00 N.J. Environmental Fund Loan Bond dated May 21, 2017, due in semi-annual installments through September 1, 2034, bearing no interest. The balance remaining at December 31, 2022 is \$181,988.36.

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

Year	General Fund		Utility Fund	
	Principal	Interest	Principal	Interest
2023	\$ 2,953,882.77	982,768.98	754,733.42	89,653.61
2024	2,284,252.70	868,459.20	580,721.11	75,409.71
2025	2,373,691.77	762,809.36	581,804.54	66,428.12
2026	2,470,856.82	652,683.79	538,075.78	57,280.36
2027	2,524,756.74	559,671.62	500,163.08	47,359.40
2028-2032	13,183,569.99	1,371,247.38	1,458,182.23	111,991.24
2033-2034	81,250.20	6,076.67	162,500.45	12,153.33
	<u>\$ 25,872,260.99</u>	<u>5,203,717.00</u>	<u>4,576,180.61</u>	<u>460,275.77</u>

As of December 31, 2022, the carrying value of the above bonds and notes approximates the fair value of the bonds. The total interest charged to the current budget was \$1,248,417.59 and to the utility budget was \$369,508.37.

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

**NOTE 7: LONG TERM DEBT - Continued**

<u>Summary of Municipal Debt</u>	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 34,302,260.99	\$ 39,526,431.89	\$ 34,220,456.53
Water/Sewer Utility - Bonds and Notes	22,294,580.61	24,026,132.86	21,315,286.60
Total Issued	<u>56,596,841.60</u>	<u>63,552,564.75</u>	<u>55,535,743.13</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	15,439,562.63	13,100,062.63	12,570,512.68
Water/Sewer Utility - Bonds and Notes	8,572,275.00	8,575,333.63	6,163,251.95
Total Authorized But Not Issued	<u>24,011,837.63</u>	<u>21,675,396.26</u>	<u>18,733,764.63</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 80,608,679.23</u>	<u>\$ 85,227,961.01</u>	<u>\$ 74,269,507.76</u>

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.786%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water/Sewer Utility Debt	\$ 30,866,855.62	\$ 30,866,855.62	\$ -
General Debt	49,741,823.61		49,741,823.61
	<u>\$ 80,608,679.23</u>	<u>\$ 30,866,855.62</u>	<u>\$ 49,741,823.61</u>

Net Debt \$49,741,823.61 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$6,327,506,820.33 = 0.786%.

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

3 1/2 % of Equalized Valuation Basis ( Municipal)	\$ 221,462,738.82
Net Debt	49,741,823.61
Remaining Borrowing Power	<u>\$ 171,720,915.21</u>

**NOTE 8: FUND BALANCES APPROPRIATED**

Fund balances at December 31, 2022 and 2021, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2023 and 2022 were as follows:

	<u>2022</u>	<u>2021</u>
Current Fund	\$ 2,709,462.62	\$ 1,598,379.48
Water/Sewer Utility	1,123,668.19	328,683.63

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

**NOTE 9: SCHOOL TAXES**

Local District School Taxes have been raised and a liability deferred by statute, resulting in the school tax payable set forth in the Current Fund liabilities as follows:

	12/31/2022	12/31/2021
Balance of Tax	\$ 1,297,068.25	\$ 1,297,068.25
Deferred	921,837.60	921,837.60
Tax Payable	<u>\$ 375,230.65</u>	<u>\$ 375,230.65</u>

**NOTE 10: 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 12/31/22	Balance 12/31/21
Prepaid Taxes	\$ 1,020,004.56	\$ 993,747.93
Cash Liability for Taxes Collected in Advance	<u>\$ 1,020,004.56</u>	<u>\$ 993,747.93</u>

**NOTE 11: PENSION FUNDS**

Description of Plans

Substantially all of the entity's employees participate in the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS) cost sharing multiple-employer defined benefit pension plans which have been established by State Statute and are administered by the New Jersey Division of Pensions and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the systems. This report may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey 08625 or the report can be accessed on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The 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.



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

**NOTE 11: PENSION FUNDS - Continued**

*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 entity's contributions to PERS for the years ended December 31, 2022, 2021, and 2020 were \$393,744.00, \$417,083.00 and \$358,274.00.

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 entity's contributions to PFRS for the years ended December 31, 2022, 2021, and 2020 were \$391,485.00, \$357,605.00, \$351,979.00 and \$283,817.00.

The total payroll for the year ended December 31, 2022, 2021, and 2020 was \$7,083,451.40, \$5,846,561.20 and \$5,455,949.56. Payroll covered by PFRS was \$1,697,747.00, \$1,473,670.00 and \$1,193,397.00. Payroll covered by PERS was \$2,826,360.00, \$2,683,968.00 and \$2,580,097.00.

*Significant Legislation*

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

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

- New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years.
- Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%.
- For fiscal year 2013, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.
- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

**NOTE 11: PENSION FUNDS - Continued**

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 1/60<sup>th</sup> from 1/55<sup>th</sup>, 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 1/7<sup>th</sup> 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 12: 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 \$3,982,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 that was rolled forward to June 30, 2021. The 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, 2021, the Municipality's proportion would be 0.03362125740%, which would be an decrease of 11.82% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of (\$732,354). At December 31, 2021, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

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

**NOTE 12: PENSION LIABILITIES - Continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 62,816	\$ (28,513)
Changes of assumptions	20,743	(1,417,953)
Changes in proportion	213,785	(1,014,534)
Net difference between projected and actual earnings on pension plan investments		(1,049,212)
Total	<u>\$ 297,344</u>	<u>\$ (3,510,212)</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,	
2022	\$ (1,251,786)
2023	(893,772)
2024	(609,400)
2025	(458,088)
2026	178
Total	<u>\$ (3,212,868)</u>

**Actuarial Assumptions**

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

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

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disable retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

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

**NOTE 12: PENSION LIABILITIES - Continued**

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

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

*Discount Rate*

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

*Sensitivity of the 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 as disclosed above, 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 or 1-percentage point higher than the current rate:

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

**NOTE 12: PENSION LIABILITIES - Continued**

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ (4,875,114)	\$ (3,982,942)	\$ (3,226,770)

*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 \$2,455,179 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2020 that was rolled forward to June 30, 2021. The 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, 2021, the Municipality's proportion would be 0.03359047510%, which would be an increase of 4.94% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Municipality would have recognized pension expense of \$457,214. At December 31, 2021, 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	\$ 28,011	\$ (294,105)
Changes of assumptions	13,064	(735,806)
Changes in proportion	659,484	(724,621)
Net difference between projected and actual earnings on pension plan investments		(1,046,232)
Total	<u>\$ 700,559</u>	<u>\$ (2,800,764)</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,	
2022	\$ (672,356)
2023	(504,699)
2024	(433,068)
2025	(427,057)
2026	(53,868)
Thereafter	(9,157)
Total	<u>\$ (2,100,205)</u>

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

**NOTE 12: PENSION LIABILITIES – Continued**

**Actuarial Assumptions**

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

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

Employee mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96% adjustment for females. Disability rates were based on the Pub-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2021 are summarized in the following table:

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

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

**NOTE 12: PENSION LIABILITIES – Continued**

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2021, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Decrease (6.00%)	Rate (7.00%)	Increase (8.00%)
Municipality's proportionate share of the net pension liability	(3,469,483.82)	(2,455,179.00)	(1,610,864.35)

In addition to the PFRS liabilities listed above, a special funding situation exists for the Local employers of the Police and Fire Retirement System of New Jersey. The State of New Jersey, as a non-employer, is required to pay the additional costs incurred by Local employers under Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The June 30, 2021 State special funding situation net pension liability amount of \$2,036,258.082.00 is the accumulated differences between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The fiscal year ending June 30, 2021 State special funding situation pension expense of \$228,944,734.00 is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2021. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and required contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. For fiscal year 2021, the State contributed an amount less than the actuarially determined amount.

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.03359047510% for 2021. The net pension liability amount allocated to the Municipality was \$690,519. For the fiscal year ending June 30, 2021 State special funding situation pension expense of \$76,904 is allocated to the Municipality.

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

**NOTE 12: PENSION LIABILITIES – Continued**

*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 13: OTHER POST-RETIREMENT**

*General Information about the Plan:*

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

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

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

1) retired on a disability pension;

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

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

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

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

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



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

**NOTE 13: OTHER POST-RETIREMENT- Continued**

*Allocation Methodology:*

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Municipality these amounts are not accrued or recorded in the financial statements and the information listed in this note is for disclosure purposes only. Statewide across all member employers, the special funding situation's and nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are based on separately calculated total OPEB liabilities. For the special funding situation and the nonspecial funding situation, the Collective Total OPEB liabilities for the year ended June 30, 2021 were \$3,872,142,278 and \$14,177,910,609, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2020 through June 30, 2021. Employer and non-employer allocation percentages have been rounded for presentation purposes.

*Special Funding Situation:*

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

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

*Net OPEB Liability:*

*Components of Net OPEB Liability*

The components of the collective net OPEB liability of the participating employers in the Plan as of June 30, 2021 is as follows:

	<b>June 30, 2021</b>	
	<b>Collective Total</b>	<b>Proportionate Share</b>
Total OPEB Liability	\$ 18,050,052,887	\$ 13,338,989
Plan Fiduciary Net Position	50,271,652	37,151
Net OPEB Liability	<u>\$ 17,999,781,235</u>	<u>\$ 13,301,838</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.28%

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

**NOTE 13: OTHER POST-RETIREMENT- Continued**

At June 30, 2021 the Borough's proportionate share of the Collective Net OPEB Liability was \$13,301,838. The State's proportionate share for the Special Funding Situation that is associated with the Borough is \$1,425,806. The Borough's proportion of the Collective Net OPEB Liability was 0.073900% which was an increase from the prior year of 28.34%. The State's proportionate share attributable to the Borough of the Collective Net OPEB Liability for the Special Funding Situation was 0.036925% which was a decrease from the prior year of 59.22%.

Borough's Proportionate Share of Collective Net OPEB Liability	\$ 13,301,838
State's proportionate share that is associated with the Borough	1,425,806
Total	\$ <u>14,727,644</u>

For the Year ended June 30, 2021 the Borough's Total OPEB Expense was \$1,498,286 and the State of New Jersey realized Total OPEB Expense in the amount of -\$64,850 for its proportionate share of Total OPEB Expense that is associated with the Municipality.

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

**Mortality:**

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

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

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

Actuarial assumptions used in the July 1, 2020 valuation were based on the results of the PFRS and PERS experience studies prepared for July 1, 2013 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

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

*Discount Rate*

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

**NOTE 13: OTHER POST-RETIREMENT- Continued**

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

*Sensitivity of Net OPEB Liability to Changes in the Discount Rate*

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

		1% Decrease (1.16%)		Discount Rate (2.16%)		1% Increase (3.16%)
<hr/>						
Collective						
Net OPEB Liability	\$	21,182,289,882	\$	17,999,781,235	\$	15,447,574,697
Proportionate Share						
Net OPEB Liability	\$	15,653,712	\$	13,301,838	\$	11,415,757

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

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

		1% Decrease		Healthcare Cost Trend Rate		1% Increase
<hr/>						
Collective						
Net OPEB Liability	\$	15,017,879,689	\$	17,999,781,235	\$	21,890,793,528
Proportionate Share						
Net OPEB Liability	\$	11,098,213	\$	13,301,838	\$	16,177,296

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

At June 30, 2021, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

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

**NOTE 13: OTHER POST-RETIREMENT- Continued**

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 403,893,589	\$ (3,765,820,027)	\$ 298,477	\$ (2,782,941)
Changes of assumptions	2,589,322,345	(3,181,672,721)	1,913,509	(2,351,256)
Net difference between projected and actual earnings on OPEB plan investments	8,606,416		6,361	
Changes in proportion and differences between contributions and proportionate share of contributions	5,534,468,995	(5,534,468,995)	3,479,946	(3,169,578)
Total	\$ 8,536,291,345	\$ (12,481,961,743)	\$ 5,698,293	\$ (8,303,775)

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

Year ended June 30,	Collective Totals	Proportionate Share
2022	\$ (1,074,753,405)	(709,702)
2023	(1,076,167,210)	(710,636)
2024	(1,077,459,075)	(711,489)
2025	(769,416,743)	(508,076)
2026	(129,344,414)	(85,411)
Thereafter	181,470,449	119,832
Total	\$ (3,945,670,398)	\$ (2,605,482)

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

*Collective OPEB Expenses reported by the State of New Jersey*

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2021 are as follows:

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

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

**NOTE 13: OTHER POST-RETIREMENT- Continued**

*Schedule of Borough's Share of Net OPEB Liability*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Borough's Proportionate Share of Net OPEB Liability	0.073900%	0.005758%	0.056335%	0.071454%
Borough's Share of Net OPEB Liability	\$ 13,301,838	10,334,019	7,631,179	11,194,425
Borough's Covered Payroll	7,083,451	5,846,561	5,455,947	4,934,978
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	187.79%	176.75%	139.87%	226.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.28%	0.97%	1.97%	1.98%

**NOTE 14: ACCRUED SICK AND VACATION BENEFITS**

The Borough does not permit employees to accrue sick and vacation time. Hence, employees are not compensated upon retirement for accrued time.

**NOTE 15: ECONOMIC DEPENDENCY**

The Borough of Stone Harbor is not economically dependent on any one business. The tourism industry is a major source of tax revenue for the entity.

**NOTE 16: RISK MANAGEMENT**

The entity is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The entity maintains commercial insurance coverage for property, liability and surety bonds. During the year ended December 31, 2022 and 2021 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

**NOTE 17: DEFERRED COMPENSATION**

Employees of the Borough of Stone Harbor may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The deferred compensation plan is available to all employees of the entity. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

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

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

**NOTE 17: DEFERRED COMPENSATION - Continued**

As part of its fiduciary role, the entity has an obligation of due care in selecting the third-party administrator.

**NOTE 18: CONTINGENT LIABILITIES**

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

**NOTE 19: INTERFUND BALANCES**

As of December 31, 2022, the following interfunds were included on the balance sheets of the various funds of the Borough of Stone Harbor:

	Due From	Due To
Current Fund:		
Animal Control Fund	\$ 67.25	
Animal Control Fund:		
Current Fund		67.25
Water Sewer Operating Fund:		
Water and Sewer Capital Fund	151,262.70	
Water and Sewer Capital Fund:		
Water and Sewer Operating Fund		151,262.70
	\$ <u>151,329.95</u>	<u>151,329.95</u>

**NOTE 20: SUBSEQUENT EVENTS**

The entity has evaluated subsequent events through June 30, 2023, the date which the financial statements were available to be issued and identified no events requiring disclosure.

## **SUPPLEMENTARY DATA**







# FORD - SCOTT

& ASSOCIATES, L.L.C.

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

To the Honorable Mayor and  
Members of the Borough Council  
Borough of Stone Harbor  
County of Cape May, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements – regulatory basis, as listed in the accompanying table of contents, of the Borough of Stone Harbor, State of New Jersey, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated June 30, 2023, which was adverse due to being presented in accordance with the New Jersey Regulatory Basis of Accounting. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Stone Harbor 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 on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Borough'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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough'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 Borough'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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

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

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

June 30, 2023

**CURRENT FUND  
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2021	\$	6,742,798.15
Increased by Receipts:		
Tax Collector	34,611,788.00	
Revenue Accounts Receivable	3,282,296.65	
Miscellaneous Revenue	1,095,345.51	
Homestead Rebates	31,744.48	
State of New Jersey:		
Senior Citizen and Veterans Deductions	10,750.00	
DCA Training Fees	28,929.00	
Reserve for municipal Relief Act	11,180.00	
Prepaid Beach Fees	74,056.00	
Prepaid Uniform Fire Code Fees	75,738.00	
Due from Dog Account	574.28	
Federal and State Unappropriated Reserves	25,019.17	
Federal and State Receivables	95,090.76	
		<u>39,342,511.85</u>
		46,085,310.00
Decreased by Disbursements:		
Current Year Appropriation	17,579,171.21	
Prior Year Appropriations	633,746.49	
County Taxes	17,251,646.96	
DCA Training Fees	28,185.00	
Local District School Taxes	2,594,142.00	
Due to Utility Operating	2,850.00	
Accounts Payable	17,018.24	
Federal and State Disbursements	104,768.37	
		<u>38,211,528.27</u>
Balance December 31, 2022	\$	<u><u>7,873,781.73</u></u>
	Current Fund	7,532,328.07
	Grant Fund	341,453.66
		<u><u>7,873,781.73</u></u>

See Accompanying Auditor's Report

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

Balance December 31, 2021		\$	-
Increased by Receipts:			
Prepaid Taxes	1,020,004.56		
Tax Overpayments	8,276.22		
Taxes Receivable	33,518,791.26		
Revenue Accounts Receivable	64,715.96		
			<u>34,611,788.00</u>
			34,611,788.00
Payments to Treasurer			<u>34,611,788.00</u>
Balance December 31, 2022		\$	<u><u>-</u></u>

See Accompanying Auditor's Report

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

Year	Balance Dec. 31, 2021	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2022
				2021	2022			
Prior	\$ 175,317.33		750.00		174,701.06	1,366.27		(0.00)
	175,317.33	-	750.00	-	174,701.06	1,366.27	-	(0.00)
2022		34,436,339.92	168,949.04	993,747.93	33,396,394.32	(14,406.48)	62.97	229,490.22
	\$ 175,317.33	34,436,339.92	169,699.04	993,747.93	33,571,095.38	(13,040.21)	62.97	229,490.22
Analysis of Current Year Tax Levy								
Tax Yield:								
General Property Tax								
Added Taxes (54:4-63.1 et. Seq.)								
			34,436,339.92					
			168,949.04			34,605,288.96		
Tax Levy:								
General County Taxes								
County Library Taxes								
County Open Space Taxes								
County Added and Omitted Taxes								
Total County Taxes								
					17,228,615.53			
Local School District Tax								
Local Tax for Municipal Purposes								
Add: Additional Tax Levied								
			14,515,000.00					
			267,531.43			14,782,531.43		
						34,605,288.96		

See Accompanying Auditor's Report

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

Balance December 31, 2021		\$	394.68
Increased by:			
Transfers from Taxes Receivable	62.97		
	<hr/>		<hr/>
			62.97
			457.65
Decreased by:			
None			
	<hr/>		<hr/>
			-
Balance December 31, 2022		\$	<u><u>457.65</u></u>

See Accompanying Auditor's Report

**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Balance Dec. 31, 2021	Accrued in 2022	Collected by Collector	Treasurer	Balance Dec. 31, 2022
Licenses:					
Alcoholic Beverages		10,626.00		10,626.00	
Fees and Permits		500,478.36		500,478.36	
Construction Code Official:					
Fees and Permits		567,347.00		567,347.00	
Municipal Court:					
Fines and Costs	1,100.61	39,871.82		38,320.85	2,651.58
Parking Meters		431,951.56		431,951.56	
Interest and Costs on Taxes		64,715.96	64,715.96		
Interest Earned on Investments and Deposits		32,567.68		32,567.68	
Beach Fees		1,079,380.08		1,079,380.08	
Tennis Courts		123,302.80		123,302.80	
Cell Tower Rent		49,990.52		49,990.52	
Television Cable Fees		34,516.23		34,516.23	
Uniform Fire Code Official		164,504.50		164,504.50	
Uniform Fire Safety Act		12,289.55		12,289.55	
Beach Concessions		122,000.00		122,000.00	
Special Events Revenue		9,240.00		9,240.00	
Energy Receipts Tax		214,316.60		214,316.60	
Reserve for Payment of Bonds		60,000.00		60,000.00	
	<u>1,100.61</u>	<u>3,517,098.66</u>	<u>64,715.96</u>	<u>3,450,831.73</u>	<u>2,651.58</u>
	A	Res.	A-5		A
Prepaid Uniform Fire Code Fees				97,218.00	
Prepaid Beach Tags				71,317.08	
Collected				3,282,296.65	
				<u>3,450,831.73</u>	

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>OPERATIONS WITHIN "CAPS"</b>				
<b>GENERAL GOVERNMENT</b>				
General Administration				
Other Expenses	\$ 608.00	608.00	10.00	598.00
Mayor and Council				
Salaries and Wages	3,838.21	3,838.21		3,838.21
Other Expenses	949.53	949.53	703.46	246.07
Municipal Clerk				
Other Expenses	1,537.73	1,537.73	807.72	730.01
Financial Administration				
Salaries and Wages	39,746.36	39,746.36	39,746.36	-
Other Expenses	1,988.76	4,988.76	4,164.44	824.32
Elections				
Other Expenses	2.09	2.09	(400.00)	402.09
Audit Services				
Other Expenses	7,000.00	7,000.00		7,000.00
Collection of Taxes				
Other Expenses	373.99	373.99	35.00	338.99
Assessment of Taxes				
Salaries and Wages	3.88	3.88		3.88
Other Expenses	8,924.29	8,924.29	7,623.08	1,301.21
Legal Services and Costs				
Other Expenses	17,935.51	17,935.51	17,581.41	354.10
Engineering Services and Costs				
Other Expenses	16,023.03	16,023.03	14,117.93	1,905.10

See Accompanying Auditor's Report



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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
Insurance				
Employee Group Insurance	33,118.60	33,118.60		33,118.60
Other Insurance Premiums	197,104.37	192,104.37	737.07	191,367.30
Health Benefit Waiver				
Salaries and Wages	5,605.00	5,605.00		5,605.00
<b>LAND USE ADMINISTRATION</b>				
Planning Board				
Other Expenses	4,082.52	9,082.52	9,049.65	32.87
Zoning Board				
Other Expenses	377.61	377.61		377.61
<b>PUBLIC SAFETY</b>				
Fire Department				
Salaries and Wages	46,455.88	46,455.88	38,256.17	8,199.71
Other Expenses	44,227.71	44,227.71	37,198.43	7,029.28
Police Department				
Other Expenses	42,322.39	42,322.39	32,768.07	9,554.32
Office of Emergency Management				
Salaries and Wages	603.82	603.82		603.82
Other Expenses	1,900.00	1,900.00	1,900.00	-
Uniform Fire Code Official				
Salaries and Wages	484.56	484.56		484.56
Other Expenses	7,177.97	7,177.97	1,894.66	5,283.31
Municipal Court				
Salaries and Wages	2,262.58	2,262.58		2,262.58

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>PUBLIC WORKS</b>				
Public Building and Grounds				
Other Expenses	2,063.58	2,063.58	597.97	1,465.61
Public Works				
Salaries and Wages	129,074.72	129,074.72	5,332.50	123,742.22
Other Expenses	54,839.40	54,839.40	41,651.41	13,187.99
Solid Waste Collection				
Salaries and Wages	14,274.33	14,274.33	6,684.49	7,589.84
Other Expenses	63,930.02	63,930.02	40,679.81	23,250.21
<b>NATURAL RESOURCES</b>				
Natural Resources Committee				
Other Expenses	13,901.85	13,901.85	11,875.80	2,026.05
Animal Control				
Other Expenses	6,504.86	6,504.86	950.00	5,554.86
<b>HEALTH AND HUMAN SERVICES</b>				
Safety Compliance				
Other Expenses	12,300.57	12,300.57		12,300.57
<b>RECREATION AND EDUCATION</b>				
Beach Patrol				
Salaries and Wages	55,858.14	55,858.14	55,858.14	-
Other Expenses	51.52	51.52		51.52
Docks, Bulkheads and Seawall				
Salaries and Wages	3,614.50	3,614.50		3,614.50

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
Parks and Playgrounds				
Salaries and Wages	19,258.57	19,258.57	19,258.57	-
Other Expenses	541.73	541.73	(54.51)	596.24
Special Events				
Salaries and Wages	23,592.51	23,592.51	23,592.51	-
Tourism				
Other Expenses	20,187.65	20,187.65	1,883.00	18,304.65
Contingent	1,176.20	1,176.20		1,176.20
<b>STATE UNIFORM CONSTRUCTION CODE</b>				
Construction Official	210.00	210.00		210.00
Salaries and Wages	69.37	69.37		69.37
Other Expenses				
<b>UNCLASSIFIED</b>				
Longevity Pay for Employees	6,129.92	6,129.92		6,129.92
<b>UTILITIES</b>				
Electricity	9,690.94	9,690.94	9,690.94	(0.00)
Telephone	5,113.10	5,113.10	5,073.16	39.94
Street Lighting	11,465.95	11,465.95	10,748.09	717.86
Gasoline	26,803.30	23,803.30	5,924.33	17,878.97
Natural Gas	4,152.32	4,152.32	4,152.32	-
<b>STATUTORY EXPENDITURES</b>				
Contribution to				
Defined Contribution Retirement Plan	196.43	196.43		196.43
Social Security	43,464.71	43,464.71	7,199.65	36,265.06
Unemployment Compensation Insurance	2,399.66	2,399.66	564.73	1,834.93
<b>INTERLOCAL AGREEMENTS</b>				
County of Cape May Interlocal Agreement				
Police Dispatch Services				
Other Expenses	31,000.00	31,000.00		31,000.00
Financial Administration - CFO	510.00	510.00		510.00
Municipal Court - Shared Services				

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
<b>CAPITAL IMPROVEMENTS</b>				
Generator/HVAC	12,626.50	12,626.50	2,142.58	10,483.92
Bulkhead Replacement	25,000.00	25,000.00	24,689.72	310.28
Beach Patrol Equipment	10,925.00	10,925.00	10,925.00	-
Recreation Improvements	53,640.53	53,640.53	11,956.12	41,684.41
Public Works Vehicle	177,000.00	177,000.00	109,111.38	67,888.62
Fire-Replace SCBA/Bottles	6,938.03	6,938.03	297.00	6,641.03
Public Works Equipment	5,000.00	5,000.00		5,000.00
Beach & Bay Access	25,000.00	25,000.00		25,000.00
Building/Fence & Security	13,101.24	13,101.24		13,101.24
Police Vehicle	62,000.00	62,000.00		62,000.00
Police Equipment	19,843.44	19,843.44	5,918.83	13,924.61
PW Grounds Equipment - Tire Changer/Balancer	11,580.78	11,580.78	11,572.00	8.78
	<u>\$ 1,469,685.76</u>	<u>1,469,685.76</u>	<u>634,468.99</u>	<u>835,216.77</u>
		Transfer to Accounts Payable	722.50	
		Cash Disbursements	633,746.49	
			<u>634,468.99</u>	

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

Balance December 31, 2021			
School Tax Payable	\$	375,230.65	
School Tax Deferred		<u>921,837.60</u>	
			1,297,068.25
Increased by:			
Levy - School Year July 1 to June 30			<u>2,594,142.00</u>
			3,891,210.25
Decreased by:			
Payments			<u>2,594,142.00</u>
Balance December 31, 2022			
School Tax Payable		375,230.65	
School Tax Deferred		<u>921,837.60</u>	
			<u>1,297,068.25</u>
Current Year Liability for Local School District School Tax:			
Tax Paid			2,594,142.00
Tax Payable Ending			<u>375,230.65</u>
			2,969,372.65
Less: Tax Payable Beginning			<u>375,230.65</u>
Amount Charged to Current Year Operations	\$		<u>2,594,142.00</u>

See Accompanying Auditor's Report

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

<u>Purpose</u>	<u>Balance Dec. 31, 2021</u>	<u>Transferred From Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2022</u>
<b>FEDERAL GRANTS:</b>				
CDBG - Disaster Recovery	\$ 2,703,804.00			2,703,804.00
COPS in Shops	2,000.00			2,000.00
American Rescue Plan		42,390.76	42,390.76	-
Total Federal	<u>2,705,804.00</u>	<u>42,390.76</u>	<u>42,390.76</u>	<u>2,705,804.00</u>
<b>STATE GRANTS:</b>				
DOT - Reconstruction of 95th Street	84,250.00			84,250.00
DOT - Reconstruction of 95th Street	50,000.00		50,000.00	-
NJ DOT Trust Fund Authority Act	35,226.00			35,226.00
NJ DOT Trust Fund Authority Act	46,250.00			46,250.00
NJ Cooperative Marketing Grant	1,109.75	10,800.00	2,700.00	9,209.75
Total State	<u>216,835.75</u>	<u>10,800.00</u>	<u>52,700.00</u>	<u>174,935.75</u>
<b>LOCAL GRANTS:</b>				
County of Cape May - Streetscape	8,140.00			8,140.00
ACMJIF Wellness Grant	2,000.00	1,000.00		3,000.00
CMC Open Space Grant-Bikeway	99,046.96			99,046.96
ACMJIF Safety Grant	6,150.00	4,000.00		10,150.00
Total Local	<u>115,336.96</u>	<u>5,000.00</u>	<u>-</u>	<u>120,336.96</u>
\$	<u>3,037,976.71</u>	<u>58,190.76</u>	<u>95,090.76</u>	<u>3,001,076.71</u>

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

	Balance December 31, 2021		2022	Paid or Charged	Balance Dec. 31, 2022
	Appropriated	Reserve for Encumbrances			
<b>FEDERAL GRANTS:</b>					
Police Body Armor Grant	\$ 2,473.40			2,472.40	1.00
American Rescue Plan				84,781.52	-
CDBG - Disaster Recovery			84,781.52		
Flood Mitigation Grant	2,703,804.00				2,703,804.00
Cops in Shops	879.44				879.44
Total Federal	2,707,156.84	-	84,781.52	87,253.92	2,704,684.44
<b>STATE GRANTS:</b>					
Drunk Driving Enforcement Fund	1,165.87			487.00	678.87
Municipal Court Alcohol Grant - Revolving	759.26				759.26
Body Worn Camera Grant			40,760.00		40,760.00
Clean Communities Program					-
Clean Communities Program	14,448.27	2,975.00		12,165.67	5,257.60
NJ Cooperative Marketing Grant					10,800.00
Municipal Stormwater Grant - 2004	2,171.02		10,800.00		2,171.02
Municipal Stormwater Grant - 2005	6,822.00				6,822.00
NJ Tourism - Cooperative Marketing	109.12				109.12
Recycling Tonnage Grant - Prior	4,434.21	4,423.00		8,857.21	(0.00)
Recycling Tonnage Grant - 2020	12,107.28			2,030.49	10,076.79
NJ DOT - 2021 Grant	185,000.00				185,000.00
NJ DOT - 88th Street	140,904.00				140,904.00
DOT - Reconstruction of 88th Street	-				-
ADA Improvements - 82nd St	73,668.20				73,668.20
Green Communities	351.47				351.47
Total State	441,940.70	7,398.00	51,560.00	23,540.37	477,358.33

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

	Balance December 31, 2021		2022	Paid or Charged	Balance Dec. 31, 2022
	Appropriated	Reserve for Encumbrances			
<b>LOCAL GRANTS:</b>					
Archival Museum - Revolving	1,257.10				1,257.10
Private Donation - Speed Sentry - Revolving	45.00				45.00
Feral Cat Management - Revolving	233.27				233.27
Cape May County MUA - Mini-Grant - Revolving	1,737.71				1,737.71
Shore Bird Stewardship - Revolving	9,721.21				9,721.21
County of Cape May - Streetscape - Revolving	2,202.06				2,202.06
Garden Club Grant - 96th Street	3,723.13				3,723.13
CMC Open Space Grant-Bikeway	31,315.92				31,315.92
AMCJIF Safety Grant	1,147.75		4,000.00	3,551.00	1,596.75
Sustainable NJ	1,013.44				1,013.44
Donations - Parks	120.29				120.29
Garden Club Grant - 96th Street	4,400.00				4,400.00
USTA Grant	3,000.00				3,000.00
Stone Harbor Property Owners Association Grant	7,000.00				7,000.00
ACMJIF- Wellness Grant	1,175.47		1,000.00	1,937.50	237.97
Donations - Hurricane Sandy	296.35				296.35
Atlantic City Electric - 95th Street		26,435.70			26,435.70
<b>Total Local</b>	<b>68,388.70</b>	<b>26,435.70</b>	<b>5,000.00</b>	<b>5,488.50</b>	<b>94,335.90</b>
<b>\$</b>	<b>3,217,486.24</b>	<b>33,833.70</b>	<b>141,341.52</b>	<b>116,282.79</b>	<b>3,276,378.67</b>
			Cash Disbursed	104,768.37	
			Encumbered	11,514.42	
				<b>116,282.79</b>	

See Accompanying Auditor's Report



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

<u>Purpose</u>	<u>Balance Dec. 31, 2021</u>	<u>Transferred to Appropriations</u>	<u>Received</u>	<u>Balance Dec. 31, 2022</u>
Recycling Tonnage Grant	\$ 6,098.31		7,011.55	13,109.86
American Rescue Plan	42,390.76	42,390.76		-
Body Worn Camera Grant	40,760.00	40,760.00		-
Drunk Driving Enforcement	2,500.00			2,500.00
Supplemental Fire Services Grant	1.00		2,547.92	2,548.92
Clean Communities	15,618.80		15,459.70	31,078.50
Cooperative Marketing Grant	5,400.00			5,400.00
Grand Total	<u>\$ 112,768.87</u>	<u>83,150.76</u>	<u>25,019.17</u>	<u>54,637.28</u>

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

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2021	\$ 677.02	2,594,237.64
Increased By:		
State Dog License Fees	25.20	
Municipal Dog License Fees	24.00	
Due to Current Fund	1.85	
Cat License Fees	19.40	
Other Reserves		<u>745,883.85</u>
	<u>70.45</u>	<u>745,883.85</u>
	747.47	3,340,121.49

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

B-1  
Sheet 2

	<u>Animal Control</u>	<u>Other</u>
Decreased By:		
Paid to State of NJ	25.20	
Current Fund	576.92	-
Other Reserves		<u>408,059.82</u>
	<u>602.12</u>	<u>408,059.82</u>
Balance December 31, 2022	\$ <u><u>145.35</u></u>	<u><u>2,932,061.67</u></u>

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

Balance December 31, 2021	\$	91.64
Increased by:		
Dog License Fees Collected	34.80	
Cat License Fees Collected	19.40	
	<hr/>	<hr/>
		54.20
		145.84
Decreased by:		
Statutory Excess Due to Current Fund	67.74	
	<hr/>	<hr/>
		67.74
Balance December 31, 2022	\$	<hr/> <hr/> 78.10

License Fees Collected

<u>Year</u>	<u>Amount</u>
2021	40.46
2020	37.64
	<hr/>
	<hr/> <hr/> 78.10

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

Balance December 31, 2021	\$		10.80
Increased By:			
Collected		<u>25.20</u>	<u>25.20</u>
			36.00
Decreased By:			
Payments		<u>25.20</u>	
Cancelled		<u>10.80</u>	<u>36.00</u>
Balance December 31, 2022	\$		<u><u>-</u></u>

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

Reserve	Increased by		Decreased by		Balance Dec. 31, 2022
	Balance Dec. 31, 2021	Receipts	Disbursements		
Preservation Trust	\$ 116,291.38	334.48			116,625.86
Parking Offenses Adjudication Act	4,204.50	194.27	326.98		4,071.79
Developer's Escrow	14,239.66	29,584.50	29,533.88		14,290.28
Developer's Escrow - DVM	21,720.14		2,719.24		19,000.90
Street Opening Deposits	203,967.11	136,590.00	126,960.00		213,597.11
Performance Bonds	3,000.00				3,000.00
Inspection Escrow - Villa MA	37,289.47		8,155.32		29,134.15
Inspection Escrow - 12th Street	44,678.42		24,440.72		20,237.70
Dredging Escrow	5,000.00				5,000.00
Premiums Received at Tax Sale	20.00				20.00
Off-Duty Police	2,867.91	2,639.00	5,068.00		438.91
Forefeited Property	425.00				425.00
Public Defender Fees	1,807.98				1,807.98
Contributions - Bird Sanctuary	16,500.91	1,000.00			17,500.91
Council on Affordable Housing	2,021,042.36	486,331.44	151,028.73		2,356,345.07
Uniform Fire Code - Penalties	1,400.00				1,400.00
Security Deposits	1,656.32				1,656.32
Bequests - Monument	10,000.00				10,000.00
Bequests - Memorial Benches	9,192.89	22,000.00	30,658.86		534.03
Bequests - Police Equipment	7,238.36				7,238.36
Bequests - 911 Memorial	2,083.37				2,083.37
Bulkhead Escrow	39,728.56	20,250.00	9,218.09		50,760.47
Landscaping Escrow	2,000.00				2,000.00
Grading Escrow	13,938.60	46,750.00	19,950.00		40,738.60
100th Anniversary	7,666.71				7,666.71
Recreation Donations	2,714.50	200.00			2,914.50
Police Forefeiture of Funds	3,563.49	10.16			3,573.65
	<u>2,594,237.64</u>	<u>745,883.85</u>	<u>408,059.82</u>		<u>2,932,061.67</u>

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

	<u>Ref.</u>	
Balance December 31, 2021		\$ 9,402,300.54
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	55,000.00	
Deferred Charges Unfunded	420,000.00	
Bond Anticipation Notes Issued	8,430,000.00	
Reserve for Back Bay Dredging	300,000.00	
Reserve for Beach Replenishment	100,000.00	
	<hr/>	<hr/>
		9,305,000.00
		18,707,300.54
Decreased by:		
Improvement Authorizations	6,398,052.51	
Encumbrances Payable	(4,160.29)	
Payment of Bond Anticipation Notes	10,800,000.00	
Anticipated as a Revenue in Current Fund Budget;		
Reserve for Payment of Bonds	60,000.00	
	<hr/>	<hr/>
		17,253,892.22
Balance December 31, 2022		\$ <u><u>1,453,408.32</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
ANALYSIS OF CASH**

	Balance Dec. 31, 2021	Receipts		Disbursements		Transfers		Balance Dec. 31, 2022
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
<b>\$</b>								
Fund Balance	119.76							119.76
Capital Improvement Fund	35,293.00							69,793.00
Contracts Payable	6,231,047.25	55,000.00			(4,160.29)	20,500.00		1,418,291.66
Reserve for Payment of Bonds	88,848.43				60,000.00	6,231,047.25	1,414,131.37	28,848.43
Reserve for Payment of NJEIT Loan	260,393.12							260,393.12
Reserve for Preliminary Expenses	841.69							841.69
Reserve for Arbitrage Liability	1,699.33							1,699.33
Reserve for Back Bay Dredging	492,000.00	300,000.00						792,000.00
Reserve for Beach Replenishment	492,000.00	100,000.00						592,000.00
Due from NJ Environmental Infrastructure Trust	(595,381.40)							(595,381.40)
<b>Improvement Authorizations:</b>								
1208 Improve Lagoons and Basins	140.00							140.00
1249 Various Improvements	53,394.25							53,394.25
1308 Various Improvements	410.10			410.10		11,507.50	11,507.50	-
1332 Various Improvements				6,600.00			8,590.91	1,990.91
1390 Various Improvements	31,379.45			26,700.00			26,700.00	31,379.45
1436 Various Improvements	(0.63)			-				(0.63)
1449 Various Improvements	(148,031.00)			-				(148,031.00)
1455 Various Improvements	(150,000.00)			1,308.14			2,317.23	(148,990.91)
1465 Improvement of Beach Property	5,724.34			211,368.27			269,450.89	63,806.96
1478 Various Improvements	73,190.32			336,934.20		<b>66,937.03</b>	345,511.38	14,830.47
1486 Beach and Bay Improvements				6,692.68			6,692.68	-
1495 Various Improvements	66,051.86			71,498.90		<b>60,867.99</b>	108,242.52	41,927.49
1517 Various Improvements	92,861.75			441,766.41		<b>209,882.11</b>	582,885.88	24,099.11
1546 Various Improvements	204,298.64	50,000.00		1,119,826.87		<b>262,348.58</b>	880,314.91	(247,561.90)
1566 Various Improvements	(6,924.64)			3,922,439.44		<b>484,806.42</b>	3,727,793.27	(686,377.23)
1589 Various Capital Improvements	2,172,944.92		(2,000,000.00)	252,507.50		<b>7,322.50</b>	261,040.08	174,155.00
1610 ADA Ramps				-		<b>310,459.24</b>	20,500.00	(289,959.24)
<b>\$</b>	<b>9,402,300.54</b>	<b>505,000.00</b>	<b>(2,000,000.00)</b>	<b>6,398,052.51</b>	<b>55,839.71</b>	<b>7,665,678.62</b>	<b>7,665,678.62</b>	<b>1,453,408.32</b>

See Accompanying Auditor's Report

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

Balance December 31, 2021		\$	35,293.00
Increased by:			
Current Fund Budget Appropriation	55,000.00		
	<hr/>		<hr/>
			55,000.00
			90,293.00
Decreased by:			
Appropriation to Finance Improvement Authorization	20,500.00		
	<hr/>		<hr/>
			20,500.00
Balance December 31, 2022		\$	<u><u>69,793.00</u></u>

See Accompanying Auditor's Report



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

	<u>Ref.</u>	
Balance December 31, 2021		\$ 28,726,431.89
Increased by:		
None	-	
	<hr/>	<hr/>
		-
		28,726,431.89
Decreased by:		
Serial Bonds Paid by Operating Budget	2,595,000.00	
NJEIT Loans Paid by Operating Budget	259,170.90	
	<hr/>	<hr/>
		2,854,170.90
Balance December 31, 2022		\$ <u><u>25,872,260.99</u></u>

See Accompanying Auditor's Report

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

Ord #	Improvement Description	Balance Dec. 31, 2021	2022 Authorizations	Raised in Budget	Balance Dec. 31, 2022	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1332	Various Improvements	\$			-		(1,990.91)	1,990.91
1417	Various Improvements	0.63			0.63		0.63	
1449	Various Improvements	148,031.00			148,031.00		148,031.00	
1455	Various Improvements	150,000.00			150,000.00		150,000.00	
1546	Various Improvements	4,656,181.00		420,000.00	4,236,181.00	3,480,000.00	756,181.00	-
1566	Various Improvements	9,753,650.00			9,753,650.00	4,950,000.00	686,377.23	4,117,272.77
1589	Various Capital Improvements	9,192,200.00	-		9,192,200.00			9,192,200.00
1610	ADA Ramps		389,500.00		389,500.00		289,959.24	99,540.76
		<u>\$ 23,900,062.63</u>	<u>389,500.00</u>	<u>420,000.00</u>	<u>23,869,562.63</u>	<u>8,430,000.00</u>	<u>2,028,558.19</u>	<u>13,411,004.44</u>
Improvement Authorizations Unfunded								
Less:								
Unexpended Proceeds of Bond								
Anticipation Notes Issued:								
<b>Ord. Number</b>								
1546								
(508,619.10)								
<u>\$ 13,411,004.44</u>								

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				Paid or Charged	Balance December 31, 2022	
				Balance December 31, 2021	Other Funding	Deferred Charges to Future Taxation	Unfunded		Funded	Unfunded
1208	Improve Lagoons and Basins	4/6/2004	300,000.00	\$ 140.00					140.00	
1249	Various Improvements:	3/7/2006	2,450,000.00	53,394.25					53,394.25	
1308	Various Improvements	4/1/2008	3,950,000	410.10				410.10	-	
1332	Various Improvements	3/17/2009	2,900,000					(1,990.91)	-	1,990.91
1390	Improvement to Water and Sewer System - General Capital Portion	10/18/2011	2,600,000	31,379.45				-	31,379.45	
1455	Various Improvements	3/3/2015	8,493,000					(1,009.09)	1,009.09	
1465	Back Bay Dredging	5/15/2015	5,000,000	5,724.34				(58,082.62)	63,806.96	
1478	Various Improvements	2/23/2016	1,758,000	73,190.32				58,359.85	14,830.47	
1495	Various Improvements	3/17/2017	1,857,275	66,051.86				24,124.37	41,927.49	
1517	Various Improvements	2018	6,199,880	92,861.75				68,762.64	24,099.11	
1546	Various Improvements	2019	5,395,980				1,010,479.64	501,860.54		508,619.10
1566	Various Improvements	7/12/2020	10,267,000				4,796,725.36	679,452.59		4,117,272.77
1589	Various Capital Improvements	6/15/2021	9,676,000	172,944.92			9,192,200.00	(1,210.08)	174,155.00	9,192,200.00
1610	ADA Ramps	6/7/2022	410,000					310,459.24		99,540.76
				<u>\$ 496,096.99</u>	<u>20,500.00</u>	<u>389,500.00</u>	<u>14,999,405.00</u>	<u>1,581,136.63</u>	<u>404,741.82</u>	<u>13,919,623.54</u>

See Accompanying Auditor's Report

**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, 2021	Decreased	Balance Dec. 31, 2022
			Date	Amount				
General Bonds of 2011	11/1/2011	12,750,000	11/01/23	1,325,000.00	3.125%	\$ 2,600,000.00	1,275,000.00	1,325,000.00
			11/01/23	1,365,000.00	5.000%	23,530,000.00	1,320,000.00	22,210,000.00
			11/01/24	2,015,000.00	5.000%			
11/01/25	2,100,000.00	5.000%						
11/01/26	2,195,000.00	4.000%						
11/01/27	2,260,000.00	4.000%						
11/01/28	2,315,000.00	4.000%						
11/01/29	2,380,000.00	4.000%						
11/01/30	2,455,000.00	3.250%						
11/01/31	2,525,000.00	3.250%						
11/01/32	2,600,000.00	3.375%						
General Bonds of 2018	11/1/2018	27,455,000						
						\$ 26,130,000.00	2,595,000.00	23,535,000.00

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**GENERAL CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds			Interest Rate	Balance Dec. 31, 2021	Adjustments	Decreased	Balance Dec. 31, 2022
			Balance	Outstanding	Amount					
NJEIT 2010B Trust Loan CW - General Capital Portion 78.7685073%	12/2/2010	807,377		Balance December 31, 2022		Var.	415,110.04		37,808.88	377,301.16
				Date	Amount					
				2023	38,596.57					
				2024	41,747.31					
				2025	44,898.05					
				2026	44,898.05					
				2027	48,836.47					
NJEIT 2010B Fund Loan CW - General Capital Portion 78.7685073%	12/2/2010	868,423		2028	51,987.21	0.000%	246,113.71		44,157.09	201,956.62
				2029	51,199.53					
				2030	55,137.97					
				2023	44,157.09					
				2024	44,157.09					
				2025	44,157.09					
				2026	44,157.09					
NJEIT Spring 2012ABC Trust Loan DW-General Capital 20.5761350%	5/3/2012	58,642		2027	25,328.27	Var.	34,205.15		3,027.57	31,177.58
				2023	3,004.73					
				2024	2,980.86					
				2025	2,956.17					
				2026	2,930.25					
				2027	2,903.50					
				2028	2,904.12					
NJEIT Spring 2012ABC Trust Loan DW-General Capital 20.5761350%	5/3/2012	188,680		2029	3,865.02	0.000%	76,747.56		9,593.89	67,153.67
				2030	4,820.99					
				2031	4,811.93					
				2023	9,593.89					
				2024	9,593.89					
				2025	9,593.89					
				2026	9,593.89					
				2027	9,593.89					
				2028	9,593.89					
				2029	9,590.33					

See Accompanying Auditor's Report



**GENERAL CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding					Interest Rate	Balance Dec. 31, 2021	Adjustments	Decreased	Balance Dec. 31, 2022
			Balance December 31, 2022		Amount	Var	Dec. 31, 2021					
			Date	Amount								
NJEIT 2015 Fund Loan CW-Water/Sewer 33.3333333%	5/21/2015	347,000	2023	16,666.67	16,666.67	Var	266,666.67			15,000.00	251,666.67	
			2024	16,666.67								
			2025	18,333.33								
			2026	18,333.33								
			2027	20,000.00								
			2028	20,000.00								
			2029	21,666.67								
			2030	21,666.67								
			2031	23,333.33								
			2032	23,333.33								
			2033	25,000.00								
			2034	26,666.67								
NJEIT 2015 Trust Loan DW-Water/Sewer 33.3330000%	5/21/2015	55,000	2023	3,333.32	3,333.32	Var.	44,999.83			3,333.32	41,666.51	
			2024	3,333.32								
			2025	3,333.32								
			2026	3,333.32								
			2027	3,333.32								
			2028	3,333.32								
			2029	3,333.32								
			2030	3,333.32								
			2031	3,333.32								
			2032	3,333.32								
			2033	3,333.32								
			2034	4,999.98								

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**GENERAL CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Adjustments	Decreased	Balance Dec. 31, 2022
			Balance	Date					
NJEIT 2015 Fund Loan DW-Water/Sewer 33.33333333%	5/21/2015	177,296		2023	0.000%	100,009.25		9,015.07	90,994.18
				2024					
				2025					
				2026					
				2027					
				2028					
				2029					
				2030					
				2031					
				2032					
				2033					
						\$ 2,596,431.89	-	259,170.90	2,337,260.99
Loans Paid by Budget Appropriation								259,170.90	
								<u>259,170.90</u>	

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
Various Improvements	1546	10/29/2020 10/29/2020	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	\$ 3,850,000.00	3,480,000.00	3,850,000.00	- 3,480,000.00
Various Improvements	1566	10/28/2021 10/28/2021	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	4,950,000.00	4,950,000.00	4,950,000.00	- 4,950,000.00
Various Capital Improvements	1589	10/28/2021	10/28/2021	10/28/2022	1.500%	2,000,000.00		2,000,000.00	-
						<u>\$ 10,800,000.00</u>	<u>8,430,000.00</u>	<u>10,800,000.00</u>	<u>8,430,000.00</u>

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

Ordinance Number		Balance Dec. 31, 2021	2022 Authorizations	Debt Issued	Raised in Budget	Balance Dec. 31, 2022
1436	Various Improvements	\$ 0.63				0.63
1449	Various Improvements	148,031.00				148,031.00
1455	Various Improvements	150,000.00				150,000.00
1546	Various Improvements	806,181.00			50,000.00	756,181.00
1566	Various Improvements	4,803,650.00				4,803,650.00
1589	Various Capital Improvements	7,192,200.00		(2,000,000.00)		9,192,200.00
1610	ADA Ramps		389,500.00			389,500.00
		<u>\$ 13,100,062.63</u>	<u>389,500.00</u>	<u>(2,000,000.00)</u>	<u>50,000.00</u>	<u>15,439,562.63</u>

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2021	\$ 2,399,300.22	2,098,107.71
Increased by Receipts:		
Collector	4,515,436.45	
Due from Utility Operating		768,742.70
Due from Current Fund	2,850.00	
Reserve for Payment of BANs		123,497.25
Budget Appropriations		158.63
Bond Anticipation Notes		2,900.00
	<u>4,518,286.45</u>	<u>895,298.58</u>
	6,917,586.67	2,993,406.29
Decreased by Disbursements:		
Current Year Appropriation	4,471,755.09	
Prior Year Appropriations	64,828.57	
Accrued Interest on Bonds and Notes	372,851.55	
Due to Utility Capital	768,742.70	
Improvement Authorizations		2,993,406.29
	<u>5,678,177.91</u>	<u>2,993,406.29</u>
Balance December 31, 2022	\$ <u><u>1,239,408.76</u></u>	<u><u>-</u></u>

See Accompanying Auditor's Report

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

	Balance Dec. 31, 2021	Receipts		Disbursements	Transfers		Balance Dec. 31, 2022
		Miscellaneous	Debt Issued		From	To	
Fund Balance	\$ 34,616.39						34,616.39
Capital Improvements Fund	82,575.77						82,575.77
Encumbrances Payable	4,645,539.94						1,894,692.59
Reserve for Payment of Bonds	60,000.00				4,665,046.37	1,914,199.02	60,000.00
Reserve for Payment of BANs		123,497.25					123,497.25
Reserve for Insurance Reimbursement	71,505.06						71,505.06
Due to Utility Operating	(617,480.00)	768,742.70					151,262.70
Due from N.J. Environ. Infrastructure Trust	(1,072,934.17)						(1,072,934.17)
<u>Improvement Authorizations:</u>							
1342 Improvement of the Water and Sewerage System							
1391 Improvement of the Water and Sewerage System	(158.63)	158.63				1,610.00	1,610.00
1399 Various Improvements				(6,327.01)	6,327.01		-
1418 Various Improvements that include a new South End well, the upgrade of the dewatering system, the removal of outfall pipes and the installation of new water and sewer mains							
1437 Various Improvements	(123,500.00)		2,900.00	19,347.01		47,847.01	(92,100.00)
1450 Improvement of Water and Sewerage System	(4,000.00)			5,153.03		5,153.03	(4,000.00)
1456 Various Improvements	6,850.81			23,508.96	7,282.50	23,940.65	-
1479 Various Improvements	(25,270.01)			7,494.40	189.16		(32,953.57)
1480 Various Improvements	(19,843.87)			2,977.50	410.11	2,977.50	(20,253.98)
1492-17 Various Improvements	(11,000.00)						(11,000.00)
1496-17 Various Improvements	(750,528.02)			18,846.00	120,990.00	139,836.00	-
1518-18 Various Improvements	(417,078.73)			21,114.70	117,478.32	193,030.74	(696,090.30)
1547-19 Various Improvements	1,509,818.61			30,772.99	152,281.54	162,558.49	(437,574.77)
1567-20 Various Improvements	(2,734,420.94)			334,243.78	32,233.42	221,743.78	1,365,085.19
1590-21 Various Water & Sewer Capital Improvements	1,463,415.50			1,375,910.59	381,707.24	1,869,937.67	(2,622,101.10)
				1,160,364.34	1,095,299.72	1,996,411.50	1,204,162.94
<b>\$</b>	<b>2,098,107.71</b>	<b>892,398.58</b>	<b>2,900.00</b>	<b>2,993,406.29</b>	<b>6,579,245.39</b>	<b>6,579,245.39</b>	<b>-</b>

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

	<u>Ref.</u>	
Balance December 31, 2021		\$ -
Increased by Receipts:		
Consumer Accounts Receivable:		
Water & Sewer Rents Collected	4,343,612.65	
Miscellaneous Revenue Anticipated	141,657.80	
Overpaid Rents	30,166.00	
	<hr/>	<hr/> 4,515,436.45
		4,515,436.45
Payments to Treasurer		<hr/> 4,515,436.45
Balance December 31, 2022		\$ <hr/> <hr/> -

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

	<u>Ref.</u>	
Balance December 31, 2021		\$ 79,630.35
Increased by Receipts:		
Water & Sewer Rents Rents Levied	4,375,413.48	
		<u>4,375,413.48</u>
		4,455,043.83
Decreased by Disbursements:		
Collections	4,343,612.65	
Prepayments & Overpayments Applied	3,712.94	
		<u>4,347,325.59</u>
Balance December 31, 2022		<u><u>\$ 107,718.24</u></u>

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

	Balance Dec. 31, 2021	Balance After Transfers	Paid or Charged	Balance Lapsed
Operating:				
Other Expenses	\$ 59,238.36	59,238.36	36,988.84	22,249.52
Cape May County MUA	53.00	53.00		53.00
Interlocal Agreement - CFO	132.00	132.00		132.00
Capital Improvements				
Capital Outlay	69,420.00	69,420.00	27,984.73	41,435.27
Statutory Expenditures				
Contribution to:				
Social Security System (O.A.S.I.)	570.09	570.09		570.09
Unemployment	295.72	295.72		295.72
	<u>\$ 129,709.17</u>	<u>129,709.17</u>	<u>64,973.57</u>	<u>64,735.60</u>

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

	<u>Ref.</u>	
Balance December 31, 2021		\$ 67,178.06
Increased by:		
Budget Appropriations:		
Interest on Bonds	88,828.37	
Interest on Notes	<u>280,680.00</u>	
		<u>369,508.37</u>
		436,686.43
Decreased By:		
Payments of Debt Service Interest		372,851.55
		<u>372,851.55</u>
Balance December 31, 2022		<u>\$ 63,834.88</u>

Analysis of Accrued Interest December 31, 2022

	Principal Outstanding December 31, 2022	Interest Rate	From	To	Days	Amount
<u>Serial Bonds and Loans</u>						
	180,000.00	Var.	11/10/2022	12/31/2022	52	812.50
	230,407.91	0.00%	8/1/2022	12/31/2022	153	-
	283,000.00	5.00%	8/1/2022	12/31/2022	153	6,013.75
	495,127.66	0.00%	8/1/2022	12/31/2022	153	-
	337,000.00	Var.	8/1/2022	12/31/2022	153	5,843.58
	54,435.98	0.00%	8/1/2022	12/31/2022	153	-
	101,698.84	Var.	8/1/2022	12/31/2022	153	1,479.06
	219,139.01	0.00%	8/1/2022	12/31/2022	153	-
	344,304.15	Var.	8/1/2022	12/31/2022	153	4,013.67
	259,213.13	0.00%	8/1/2022	12/31/2022	153	-
	120,345.42	Var.	8/1/2022	12/31/2022	153	818.35
	1,182,853.33	0.00%	8/1/2022	12/31/2022	153	-
	503,333.33	Var.	8/1/2022	12/31/2022	153	3,131.74
	181,988.36	0.00%	8/1/2022	12/31/2022	153	-
	83,333.49	Var.	8/1/2022	12/31/2022	153	522.75
	17,718,400.00	5.00%	10/14/2022	12/31/2022	79	41,199.48
	<u>22,294,580.61</u>					<u>63,834.88</u>

See Accompanying Auditor's Report



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

Ord #	Improvement Description	Amount	Balance December 31, 2021		Prior Encumbrances Cancelled	Paid or Charged	Balance December 31, 2022	
			Funded	Unfunded			Funded	Unfunded
1342	Improvement of the Water and Sewerage System	3,000,000 \$			(1,610.00)			1,610.00
1418	Various Improvements that include a new South End well, the upgrade of the dewatering system, the removal of outfall pipes and the installation of new water and sewer mains	1,650,000			(47,847.01)	19,347.01		28,500.00
1437	Various Improvements				(5,153.03)	5,153.03		-
1450	Improvement of Water and Sewerage System	4,000,000	-	6,850.81	(23,940.65)	30,791.46		-
1456	Various Improvements	366,000		71,729.99		7,683.56		64,046.43
1479	Various Improvements	521,500		2,156.13	(2,977.50)	3,387.61		1,746.02
1492-17	Various Improvements	1,500,000.00			(139,836.00)	139,836.00		-
1496-17	Various Improvements	3,310,000.00		2,971.98	(193,030.74)	138,593.02		57,409.70
1518-18	Various Improvements	2,164,000		246,921.27	(162,558.49)	183,054.53		226,425.23
1547-19	Various Improvements	4,753,175		2,062,993.61	(221,743.78)	366,477.20		1,918,260.19
1567-20	Various Improvements	4,356,000		421,579.06	(1,869,937.67)	1,757,617.83		533,898.90
1590-21	Various Water & Sewer Capital Improvements	6,691,000		4,654,415.50	(1,996,411.50)	2,255,664.06		4,395,162.94
			\$ -	7,469,618.35	(4,665,046.37)	4,907,605.31	-	7,227,059.41

See Accompanying Auditor's Report

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			Date	Amount				
Water & Sewer Utility Bonds of 2011	11/1/2011	1,620,000	11/01/23	180,000.00	3.125%	\$ 355,000.00	175,000.00	180,000.00
						<u>\$ 355,000.00</u>	<u>175,000.00</u>	<u>180,000.00</u>

**WATER AND SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Adjustments	Decreased	Balance Dec. 31, 2022
			Date	Amount					
NJEIT 2007A Trust Loan	11/8/2007	920,000.00	2023	53,000.00	4.25% \$	331,000.00		48,000.00	283,000.00
			2024	53,000.00	4.50%				
			2025	53,000.00	4.50%				
			2026	62,000.00	4.25%				
			2027	62,000.00	4.25%				
NJEIT 2007A Fund Loan	11/8/2007	901,733.00	2023	46,977.16	0.000%	275,940.04		45,532.13	230,407.91
			2024	45,359.78					
			2025	43,647.28					
			2026	48,209.07					
			2027	46,214.62					
NJEIT 2010A Trust Loan DW & CW	3/10/2010	775,000.00	2023	43,000.00	Var.	380,000.00		43,000.00	337,000.00
			2024	48,000.00					
			2025	47,000.00					
			2026	47,000.00					
			2027	48,000.00					
			2028	52,000.00					
			2029	52,000.00					
NJEIT 2010A Fund Loan DW & CW	3/10/2010	2,373,566.00	2023	120,689.79	0.000%	615,817.45		120,689.79	495,127.66
			2024	120,689.79					
			2025	120,689.79					
			2026	61,694.29					
			2027	23,787.96					
			2028	23,787.96					
			2029	23,788.08					
NJEIT 2010B Trust Loan CW - Water/Sewer Portion 21.2314927%	12/2/2010	217,623.00	2023	10,403.43	Var.	111,889.96		10,191.12	101,698.84
			2024	11,252.69					
			2025	12,101.95					
			2026	12,101.95					
			2027	13,163.53					
			2028	14,012.79					
			2029	13,800.47					
			2030	14,862.03					

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding December 31, 2022		Interest Rate	Balance Dec. 31, 2021	Adjustments	Decreased	Balance Dec. 31, 2022
			Date	Amount					
NJEIT 2010B Fund Loan CW - Water/Sewer Portion 21.2314927%	12/2/2010	234,077.00	2023	11,902.23	0.00%	66,338.21		11,902.23	54,435.98
			2024	11,902.23					
			2025	11,902.23					
			2026	11,902.23					
			2027	6,827.05					
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	226,358.00	2023	11,598.27	Var.	132,031.85		11,686.43	120,345.42
			2024	11,506.14					
			2025	11,410.83					
			2026	11,310.75					
			2027	11,207.50					
			2028	11,209.88					
			2029	14,918.98					
			2030	18,609.01					
			2031	18,574.07					
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	728,304.00	2023	37,032.41	0.000%	296,245.54		37,032.41	259,213.13
			2024	37,032.41					
			2025	37,032.41					
			2026	37,032.41					
			2027	37,032.41					
			2028	37,032.41					
			2029	37,018.67					
NJEIT 2012A Trust Loan CW-Water/Sewer 45.1708140%	5/3/2012	627,874.00	2023	33,026.19	Var.	375,451.68		31,147.53	344,304.15
			2024	34,874.13					
			2025	34,582.78					
			2026	36,387.80					
			2027	38,159.40					
			2028	40,273.85					
			2029	40,280.62					
			2030	42,344.93					
			2031	44,374.45					

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Adjustments	Decreased	Balance Dec. 31, 2022
			Date	Amount					
NJEIT 2012A Fund Loan CW-Water/Sewer 45.1708140%	5/3/2012	685,773.00	2023	34,869.80	0.000%	254,008.82		34,869.81	219,139.01
			2024	34,869.80					
			2025	34,869.80					
			2026	34,869.80					
			2027	34,869.80					
			2028	34,869.80					
			2029	9,920.19					
NJEIT 2015 Trust Loan CW-Water/Sewer 66.6666667%	5/21/2015	693,000	2023	33,333.33	Var.	533,333.33		30,000.00	503,333.33
			2024	33,333.33					
			2025	36,666.67					
			2026	36,666.67					
			2027	40,000.00					
			2028	40,000.00					
			2029	43,333.33					
			2030	43,333.33					
			2031	46,666.67					
			2032	46,666.67					
			2033	50,000.00					
			2034	53,333.33					
NJEIT 2015 Fund Loan CW-Water/Sewer 66.6666600%	5/21/2015	2,246,012	2023	114,204.00	0.000%	1,297,057.33		114,204.00	1,182,853.33
			2024	114,204.00					
			2025	114,204.00					
			2026	114,204.00					
			2027	114,204.00					
			2028	114,204.00					
			2029	114,204.00					
			2030	114,204.00					
			2031	114,204.00					
			2032	114,204.00					
			2033	40,813.33					

See Accompanying Auditor's Report

**WATER AND SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE TRUST LOAN PAYABLE**

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2021	Adjustments	Decreased	Balance Dec. 31, 2022
			Date	Amount					
NJEIT 2015 Trust Loan DW-Water/Sewer 66.6666667%	5/21/2015	110,000	2023	6,666.68	Var.	90,000.17		6,666.68	83,333.49
			2024	6,666.68					
			2025	6,666.68					
			2026	6,666.68					
			2027	6,666.68					
			2028	6,666.68					
			2029	6,666.68					
			2030	6,666.68					
			2031	6,666.68					
			2032	6,666.68					
			2033	6,666.68					
			2034	10,000.02					
NJEIT 2015 Fund Loan DW-Water/Sewer	5/21/2015	354,593	2023	18,030.13	0.000%	200,018.48		18,030.12	181,988.36
			2024	18,030.13					
			2025	18,030.13					
			2026	18,030.13					
			2027	18,030.13					
			2028	18,030.13					
			2029	18,030.13					
			2030	18,030.13					
			2031	18,030.13					
			2032	18,030.13					
			2033	1,687.09					

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance	
						Dec. 31, 2021	Dec. 31, 2022
Various Improvements	1399	11/5/2015 11/5/2015	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	440,500.00	- 242,400.00
Various Improvements that include a new South End well, the upgrade of the dewatering system, the removal of outfall pipes and the installation of new water and sewer mains	1418	11/5/2015 11/5/2015	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	1,424,000.00	- 1,405,000.00
Various Improvements	1437	11/5/2015 11/5/2015	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	496,000.00	- 466,000.00
Various Improvements	1480	11/3/2016 11/3/2016	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	1,255,000.00	- 1,005,000.00
Various Improvements	1456	11/2/2017 11/2/2017	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	238,000.00	- 220,300.00
Various Improvements	1479	11/2/2017 11/2/2017	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	516,000.00	- 477,600.00
Various Improvements	1492-17	11/2/2017 11/2/2017	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	1,460,000.00	- 1,351,000.00
Various Improvements	1496-17	11/2/2017 11/2/2017	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	2,482,500.00	- 2,297,600.00
Various Improvements	1518-18	10/31/2019 10/31/2019	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	1,500,000.00	- 1,456,050.00

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

Improvement Description	Ordinance Number	Date of Original Issue	Date of Issue	Date of Maturity	Interest Rate	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
Various Improvements	1547-18	10/31/2019 10/31/2019	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	4,200,000.00	4,097,450.00	4,200,000.00	- 4,097,450.00
Various Improvements	1567	10/29/2020 10/29/2020	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	1,200,000.00	1,200,000.00	1,200,000.00	- 1,200,000.00
Various Water & Sewer Capital Improvements	1590	10/28/2021 10/28/2021	10/28/2021 10/14/2022	10/28/2022 10/13/2023	1.500% 5.000%	3,500,000.00	3,500,000.00	3,500,000.00	- 3,500,000.00
						<u>\$ 18,712,000.00</u>	<u>17,718,400.00</u>	<u>18,712,000.00</u>	<u>17,718,400.00</u>
						Paid by Budget Appropriation		996,500.00	
						Re-Issued		17,715,500.00	
								<u>18,712,000.00</u>	



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

Ordinance Number	Improvement Description	Balance Dec. 31, 2021	Debt Issued	Other	Balance Dec. 31, 2022
1391	Improvement of the Water and Sewerage System	\$ 158.63		158.63	-
1418	Various Improvements	123,500.00	2,900.00		120,600.00
1437	Various Improvements	4,000.00			4,000.00
1456	Various Improvements	97,000.00			97,000.00
1480	Various Improvements	11,000.00			11,000.00
1479	Various Improvements	22,000.00			22,000.00
1496-17	Various Improvements	753,500.00			753,500.00
1518-18	Various Improvements	664,000.00			664,000.00
1547-19	Various Improvements	553,175.00			553,175.00
1567-20	Various Improvements	3,156,000.00			3,156,000.00
1590	Various Water & Sewer Capital Improvements	3,191,000.00			3,191,000.00
		<u>\$ 8,575,333.63</u>	<u>2,900.00</u>	<u>158.63</u>	<u>8,572,275.00</u>



**BOROUGH OF STONE HARBOR**

**PART II**

**LETTER OF COMMENTS AND RECOMMENDATIONS**

**YEAR ENDED DECEMBER 31, 2022**



## 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 awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law". Due to the Borough having a Qualified Purchasing Agent, pursuant to N.J.S.A. 40A:11-3(a), the maximum bid threshold is \$44,000.

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

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

The minutes indicated that bids were sought by public advertising for the following items:

- 95<sup>th</sup> Street Water Tank Improvements
- Beach Patrol Headquarters
- Prefabricated Pump Station Building
- 2021 Utility and Road Program
- Water Main Replacement

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

### Collection of Interest on Delinquent Taxes and Assessments

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

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

**BE IT RESOLVED** by the Mayor and Council of the Borough of Stone Harbor, County of Cape May and State of New Jersey, in accordance with Chapter 75, New Jersey Laws of 1991, and N.J.S.A. 54:4-67, 54:5-32, 54:5-34 and 54:5-35, which authorizes the Governing Body inter alia to fix the rate of interest to be charged, in the Borough of Stone Harbor, for the nonpayment of taxes, assessments and municipal charges, said rate of interest shall be and is hereby fixed at 8 per cent per annum on the first \$1,500 of delinquency and 18 per cent per annum on any amount in excess of \$1,500 to be calculated from the date when the taxes, assessments and charges become delinquent.

**BE IT FURTHER RESOLVED** by the Borough Council of the Borough of Stone Harbor, in accordance with N.J.S.A. 54:4-67, Chapter 75, New Jersey Laws of 1991, and Chapter 32, New Jersey Laws of 1994, which permits a 6 per cent penalty on taxes and municipal charges greater than \$10,000 as of the close of the fiscal year, that said end-of-year penalty shall be fixed for the Year 2022.

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

### Delinquent Taxes and Tax Title Liens

The Tax sale was held and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2022	1
2021	1
2020	1

### Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Payment of 2023 and 2022 Taxes	10
Delinquent Taxes	5
Payment of Utility Charges	10
Delinquent Utility Charges	5

### Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Currently</u>	
		<u>Cash Collections</u>	<u>Percent of Collections</u>
2022	\$ 34,605,289	34,390,142	99.38%
2021	33,523,047	32,419,370	99.68%
2020	29,987,253	29,766,556	99.26%
2019	27,969,642	27,804,509	99.41%
2018	26,814,183	26,669,552	99.46%
	24,721,438	24,623,112	99.13%

### Comparative Schedule of Tax Rate Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	0.692	0.656	0.610	0.573	0.552
Apportionment of					
Tax Rate:					
Municipal	0.292	0.292	0.268	0.251	0.246
County	0.347	0.311	0.288	0.268	0.253
Local School	0.053	0.053	0.054	0.054	0.053
Assessed Valuation	4,976,349,700	4,922,999,400	4,886,630,900	4,845,843,200	4,828,103,400

### Delinquent Taxes and Tax Title Liens

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

<u>Year</u>		Amount of Tax Title <u>Liens</u>	Amount of Delinquent <u>Taxes</u>	Total <u>Delinquent</u>	Percentage Of Tax <u>Levy</u>
2022	\$	458	229,490	229,948	0.66%
2021		395	175,317	175,712	0.54%
2020		335	216,699	217,034	0.72%
2019		279	123,720	123,999	0.45%
2018		227	130,827	131,054	0.49%

### Uniform Construction Code

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

### Deposit of Municipal Funds

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

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

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

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

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**FINDINGS AND RECOMMENDATIONS**

None

**STATUS OF PRIOR YEAR FINDINGS**

None

**RECOMMENDATIONS**

None

Very truly yours,

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

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

June 30,2023