

BOROUGH OF STONE HARBOR

COUNTY OF CAPE MAY

NEW JERSEY

AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

BOROUGH OF STONE HARBOR

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BOROUGH OF STONE HARBOR

PART 1

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2020



FORD - SCOTT

& ASSOCIATES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Stone Harbor, New Jersey

Report on the Financial Statements

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Stone Harbor, as of December 31, 2020 and 2019, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the 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.

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, 2020 and 2019, or changes in financial position for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis balance sheets and account group as of December 31, 2020 and 2019, the regulatory basis statements of operations for the years then ended and the regulatory basis statements of revenues and expenditures for the year ended December 31, 2020 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

The supplemental information listed in the table of contents 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The letter of comments and recommendation 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the financial statements. Because of the significance of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2021 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 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.

Very truly yours,

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

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

July 9, 2021

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EXHIBIT A - CURRENT FUND

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

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Regular Fund:		
Cash:		
Treasurer	\$ 5,267,320.03	5,843,564.54
Change and Petty Cash Funds	850.00	750.00
Total Cash	<u>5,268,170.03</u>	<u>5,844,314.54</u>
Receivables and Other Assets with Full Reserves:		
Delinquent Property Taxes Receivable	216,698.91	123,720.12
Tax Title Liens	334.98	279.47
Revenue Accounts Receivable		
Municipal Court	2,439.72	2,892.36
Interfund Receivable:		
Due from Trust Other Fund	0.17	-
Due from Grant Fund	-	0.06
Due from Animal Control Fund	-	224.39
Total Receivables and Other Assets	<u>219,473.78</u>	<u>127,116.40</u>
Deferred Charges:		
Special Emergency Authorization	90,000.00	163,000.00
Emergency Authorization	335,000.00	-
Total Deferred Charges	<u>425,000.00</u>	<u>163,000.00</u>
Total Regular Fund	<u>5,912,643.81</u>	<u>6,134,430.94</u>
Federal and State Grant Fund:		
Cash	94,303.05	-
Federal and State Grants Receivable	3,092,404.71	3,239,303.75
Total Federal and State Grant Fund	<u>3,186,707.76</u>	<u>3,239,303.75</u>
Total Current Fund	<u>\$ 9,099,351.57</u>	<u>9,373,734.69</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>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>		
Regular Fund:		
Liabilities:		
Appropriation Reserves	\$ 1,073,046.18	826,872.41
Encumbrances Payable	458,609.45	313,115.05
Accounts Payable	62,617.30	86,280.48
Prepaid Taxes	826,954.14	849,156.04
Overpaid Taxes	52,852.31	64,507.23
Due to State of New Jersey		
Senior Citizens and Veterans	3,274.16	3,274.16
DCA Training Fees	6,475.45	7,536.45
Marriage Licenses		
Local School Tax Payable	375,230.65	375,230.65
Payroll Taxes Payable	348.66	-
County Added Tax Payable	84,384.01	94,559.63
Prepaid Beach Fees	69,925.00	47,691.00
Prepaid Uniform Fire Code Fees	91,047.50	83,017.00
Due to Utility Operating	-	5,980.00
Other		
Reserve for TTL Premiums	-	42,900.00
Reserve for Tax Appeals	2,435.00	5,842.50
Reserve for Building Repairs	4,895.00	4,895.00
Reserve for Reassessment Program	80,287.88	80,287.88
	<u>3,192,382.69</u>	<u>2,891,145.48</u>
Reserve for Receivables and Other Assets	219,473.78	127,116.40
Fund Balance	<u>2,500,787.34</u>	<u>3,116,169.06</u>
Total Regular Fund	<u>5,912,643.81</u>	<u>6,134,430.94</u>
Federal and State Grant Fund:		
Due to Capital	-	51,191.31
Due to Current Fund	-	0.06
Unappropriated Reserves	19,685.93	28,466.23
Appropriated Reserves	3,027,736.35	2,878,435.90
Encumbrances Payable	139,285.48	281,210.25
Total Federal and State Grant Fund	<u>3,186,707.76</u>	<u>3,239,303.75</u>
Total Current Fund	<u>\$ 9,099,351.57</u>	<u>9,373,734.69</u>

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

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

	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized		
Fund Balance	\$ 1,832,167.00	1,653,999.01
Miscellaneous Revenue Anticipated	3,093,552.30	3,534,161.08
Receipts from Delinquent Taxes	113,434.41	118,968.76
Receipts from Current Taxes	29,766,555.56	27,804,508.83
Non Budget Revenue	156,544.11	190,222.46
Other Credits to Income:		
Unexpended Balance of Appropriation Res.	825,301.90	793,274.33
Interfund Returned	224.28	-
Total Income	<u>35,787,779.56</u>	<u>34,095,134.47</u>
Expenditures		
Budget and Emergency Appropriations:		
Appropriations Within "CAPS"		
Operations:		
Salaries and Wages	5,968,262.00	5,385,102.00
Other Expenses	4,353,676.00	4,317,887.00
Deferred Charges & Statutory Expenditures	1,173,753.00	1,109,142.00
Appropriations Excluded from "CAPS"		
Operations:		
Other Expenses	512,179.23	594,777.05
Capital Improvements	2,045,500.00	914,168.00
Municipal Debt Service	3,997,311.45	4,083,150.00
Deferred Charges & Statutory Expenditures	173,000.00	192,446.37
Local District School Tax	2,594,142.00	2,594,142.00
County Tax	14,003,786.59	12,933,150.86
County Share of Added Tax	84,384.01	94,559.63
Interfund Created	-	65.90
Total Expenditures	<u>34,905,994.28</u>	<u>32,218,590.81</u>
Excess in Revenue	<u>881,785.28</u>	<u>1,876,543.66</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>2020</u>	<u>2019</u>
Adjustments to Income before Fund Balance:		
Expenditures included above which are by Statute Deferred Charges to Budgets of Succeeding Year	335,000.00	-
Total Adjustments	<u>335,000.00</u>	<u>-</u>
Statutory Excess to Fund Balance	<u>1,216,785.28</u>	<u>1,876,543.66</u>
Fund Balance January 1	<u>3,116,169.06</u>	<u>2,893,624.41</u>
	4,332,954.34	4,770,168.07
Decreased by:		
Utilization as Anticipated Revenue	<u>1,832,167.00</u>	<u>1,653,999.01</u>
Fund Balance December 31	<u>\$ 2,500,787.34</u>	<u>3,116,169.06</u>

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

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	\$ 1,832,167.00		1,832,167.00	-
Total Fund Balance Anticipated	1,832,167.00	-	1,832,167.00	-
Miscellaneous Revenues:				
Section A: Local Revenues				
Licenses:				
Alcoholic Beverages	10,500.00		10,000.00	(500.00)
Fees and Permits	353,800.00		406,268.19	52,468.19
Fines and Costs:				
Municipal Court	65,000.00		40,886.36	(24,113.64)
Interest and Costs on Taxes	35,000.00		58,587.86	23,587.86
Parking Meters	420,000.00		296,603.27	(123,396.73)
Interest on Investments and Deposits	140,000.00		53,249.19	(86,750.81)
Beach Fees	820,000.00		748,459.00	(71,541.00)
Tennis Courts	35,000.00		54,265.99	19,265.99
Cell Tower Rent	44,100.00		47,610.00	3,510.00
Uniform Fire Code Official	141,800.00		133,232.00	(8,568.00)
Arts and Crafts Show	68,000.00		17,158.00	(50,842.00)
Cable TV Franchise Fee	30,400.00		30,568.41	168.41
Beach Concession	60,000.00		72,000.00	12,000.00
Special Events Revenue	5,000.00		1,685.00	(3,315.00)
Total Section A: Local Revenues	2,228,600.00	-	1,970,573.27	(258,026.73)
Section B: State Aid Without Offsetting Appropriations				
Energy Receipts Tax	214,317.00		214,317.00	-
Total Section B: State Aid Without Offsetting Appropriations	214,317.00	-	214,317.00	-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Budget	Anticipated N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Section C: Uniform Construction Code Fees				
Uniform Construction Code Fees	530,000.00		506,741.50	(23,258.50)
Total Section C: Uniform Construction Code Fees	530,000.00	-	506,741.50	(23,258.50)
Section F: Special Items - Public and Private Programs				
Off-Set with Appropriations				
NJ DOT Trust Fund Authority Act	140,904.00		140,904.00	
Recycling Tonnage Grant	12,107.28		12,107.28	
Clean Communities Program	16,272.95		16,272.95	
Safety Grant	3,650.00		3,650.00	
Garden Club Grant - 96th Street	4,400.00		4,400.00	
Stone Harbor Property Owners Association Grant	7,000.00		7,000.00	
ACMJIF Wellness Grant	1,000.00		1,000.00	
Total Section F: Special Items - Public and Private Programs	185,334.23		185,334.23	
Off-Set with Appropriations		-		-

CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	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	8,000.00		8,984.30	984.30
Reserve for Payment of Bonds	90,842.00		90,842.00	-
Interlocal Municipal Service Agreement - Borough of Avalon	116,760.00		116,760.00	-
Total Section G: Special Items of General Revenue Anticipated With Prior Written Consent of Director of Local Government	215,602.00	-	216,586.30	984.30
Services - Other Special Items				
Total Miscellaneous Revenues:	3,373,853.23	-	3,093,552.30	(280,300.93)
Receipts from Delinquent Taxes	120,000.00		113,434.41	(6,565.59)
Amount to be Raised by Taxes for Support of Municipal Budget				
Local Tax for Municipal Purposes	\$ 13,062,000.00		13,564,242.96	502,242.96
Total Amount to be Raised by Taxes for Support of Municipal Budget	13,062,000.00	-	13,564,242.96	502,242.96
Budget Totals	18,388,020.23	-	18,603,396.67	215,376.44
Non- Budget Revenues:				
Other Non- Budget Revenues:	-		156,544.11	156,544.11
	\$ 18,388,020.23	-	18,759,940.78	371,920.55

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Analysis of Realized Revenues

Allocation of Current Tax Collections:

Revenue from Collections	\$	29,766,555.56
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Allocated to:

School, County and Other Taxes		<u>16,682,312.60</u>
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Balance for Support of Municipal Budget Appropriations		13,084,242.96
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Increased by:

Appropriation "Reserved for Uncollected Taxes"		<u>480,000.00</u>
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Amount for Support of Municipal Budget Appropriations		<u><u>13,564,242.96</u></u>
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Receipts from Delinquent Taxes:

Delinquent Tax Collection	113,434.41	
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Tax Title Lien Collections	<u>-</u>	
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Total Receipts from Delinquent Taxes		<u><u>113,434.41</u></u>
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Analysis of Non-Budget Revenue:

Miscellaneous Revenue Not Anticipated:

Tax Collector:

Duplicate Tax Bills		20.00
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Treasurer:

Police - MRNA	252.65	
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NSF Fees - Tax Collector	100.00	
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Photocopies - Clerk	467.29	
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Zoning Board	7,250.00	
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Property List	1,070.00	
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Miscellaneous - Disbursement	4,203.34	
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Miscellaneous	<u>143,180.83</u>	
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		<u>156,524.11</u>
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Total Miscellaneous Revenue Not Anticipated:	\$	<u><u>156,544.11</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, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	

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

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled	
	Budget	Budget After Modifications	Paid or Charged	Encumbered		Reserved
LAND USE ADMINISTRATION:						
Planning Board						
Salaries and Wages	7,085.00	7,085.00	4,348.59	-	2,736.41	
Other Expenses	23,585.00	33,585.00	31,571.31	600.00	1,413.69	
Zoning Board of Adjustment						
Salaries and Wages	44,000.00	44,000.00	39,731.12	-	4,268.88	
Other Expenses	13,650.00	13,650.00	13,109.10	52.88	488.02	
PUBLIC SAFETY:						
Fire Department						
Other Expenses	385,450.00	385,450.00	332,343.38	31,487.29	21,619.33	
Police Department						
Salaries and Wages	1,661,000.00	1,661,000.00	1,558,026.92	-	102,973.08	
Other Expenses	103,824.00	103,824.00	62,785.30	40,212.52	826.18	
Office of Emergency Management						
Salaries and Wages	15,700.00	15,700.00	15,548.50	-	151.50	
Other Expenses	6,400.00	6,400.00	6,215.96	-	184.04	
Aid to Volunteer Rescue Squad	170,000.00	170,000.00	170,000.00	-	-	
Municipal Prosecutor						
Other Expenses	20,400.00	20,400.00	14,792.81	-	5,607.19	
Uniform Fire Code Official						
Salaries and Wages	111,200.00	111,200.00	110,698.90	-	501.10	
Other Expenses	14,700.00	14,700.00	6,848.99	1,827.52	6,023.49	
Fire Hydrant Service						
Other Expenses	2,850.00	2,850.00	2,850.00	-	-	
Municipal Court						
Salaries and Wages	153,500.00	153,500.00	124,982.50	-	28,517.50	
Other Expenses	16,000.00	16,000.00	5,872.34	1,015.25	9,112.41	
Public Defender						
Other Expenses	3,500.00	3,500.00	3,500.00	-	-	

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
PUBLIC WORKS:						
Public Building and Grounds						
Other Expenses	123,000.00	123,000.00	72,274.55	41,868.95	8,856.50	
Public Works						
Salaries and Wages	1,026,000.00	1,026,000.00	919,317.47	-	106,682.53	
Other Expenses	207,300.00	207,300.00	131,691.45	26,672.10	48,936.45	
Solid Waste Collection						
Salaries and Wages	656,020.00	656,020.00	655,258.55	-	761.45	
Other Expenses	235,080.00	235,080.00	182,913.83	14,740.60	37,425.57	
NATURAL RESOURCES						
Natural Resources Committee						
Salaries and Wages	25,000.00	25,000.00	-	-	25,000.00	
Other Expenses	68,715.00	68,715.00	47,372.85	9,882.00	11,460.15	
NATURAL RESOURCES						
Animal Control						
Other Expenses	19,000.00	19,000.00	16,914.00	900.00	1,186.00	
HEALTH AND HUMAN SERVICES:						
Safety Compliance						
Other Expenses	30,000.00	30,000.00	17,785.02	7,218.00	4,996.98	
RECREATION AND EDUCATION:						
Docks, Bulkheads and Seawall						
Salaries and Wages	8,200.00	8,200.00	5,995.65	-	2,204.35	
Beach Patrol						
Salaries and Wages	723,480.00	1,058,480.00	1,058,270.97	-	209.03	
Other Expenses	63,000.00	63,000.00	59,384.21	3,615.79	-	

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Parks and Playgrounds	188,400.00	188,400.00	168,279.60	-	20,120.40	
Salaries and Wages	62,800.00	62,800.00	54,435.32	3,995.00	4,369.68	
Other Expenses						
Special Events	47,500.00	47,500.00	9,007.90	-	38,492.10	
Salaries and Wages						
Tourism						
Salaries and Wages	55,000.00	55,000.00	55,000.00	-	-	
Other Expenses	126,582.00	101,582.00	27,256.91	1,876.00	72,449.09	
Museum	25,500.00	25,500.00	25,000.00	-	500.00	
UNIFORM CONSTRUCTION CODE:						
State Uniform Construction Code	222,700.00	222,700.00	222,497.57	-	202.43	
Construction Official	9,150.00	9,150.00	7,736.08	855.39	558.53	
Salaries and Wages						
Other Expenses						
UNCLASSIFIED:						
Longevity Pay for Employees	18,000.00	18,000.00	18,000.00	-	-	
UTILITY EXPENSES AND BULK PURCHASES:						
Electric	154,000.00	154,000.00	140,246.79	10,178.42	3,574.79	
Gasoline	145,000.00	145,000.00	57,357.77	30,373.11	57,269.12	
Street Lighting	129,000.00	129,000.00	108,497.10	14,859.77	5,643.13	
Telephone	49,300.00	49,300.00	40,964.87	1,739.15	6,595.98	
Natural Gas	40,000.00	40,000.00	29,402.31	1,924.98	8,672.71	
TOTAL OPERATIONS WITHIN "CAPS"	9,981,938.00	10,316,938.00	9,242,151.99	281,708.54	793,077.47	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications		Encumbered	Reserved	
Contingent	5,000.00	5,000.00	5,000.00	-	-	
TOTAL OPERATIONS INCLUDING CONTINGENT WITHIN "CAPS"	9,986,938.00	10,321,938.00	9,247,151.99	281,708.54	793,077.47	-
Detail:						
Salaries and Wages	5,633,262.00	5,968,262.00	5,620,925.78	-	347,336.22	-
Other Expenses	4,353,676.00	4,353,676.00	3,626,226.21	281,708.54	445,741.25	-
DEFERRED CHARGES/STATUTORY EXPENDITURES						
Deferred Charges:						
None						
Statutory Expenditures:						
Contributions to:						
Public Employees Retirement System	358,274.00	358,274.00	358,274.00	-	-	
Social Security System (O.A.S.I.)	431,500.00	431,500.00	420,814.44	-	10,685.56	
Police and Fire Retirement System of N.J.	351,979.00	351,979.00	351,979.00	-	-	
Unemployment Compensation Insurance	28,000.00	28,000.00	24,287.16	-	3,712.84	
Defined Contribution Retirement Plan	4,000.00	4,000.00	3,670.73	-	329.27	
TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES:	1,173,753.00	1,173,753.00	1,159,025.33	-	14,727.67	-
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS"	11,160,691.00	11,495,691.00	10,406,177.32	281,708.54	807,805.14	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	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	250,000.00	250,000.00	250,000.00	-	-	
Other Expenses	76,845.00	76,845.00	76,345.60	-	499.40	
Financial Administration - CFO	326,845.00	326,845.00	326,345.60	-	499.40	
TOTAL SHARED SERVICE AGREEMENTS						-
(A) Public and Private Programs Off-Set by Revenues						
Recycling Tonnage Grant	12,107.28	12,107.28	12,107.28	-	-	
Safety Grant	3,650.00	3,650.00	3,650.00	-	-	
NJ DOT - 88th Street	140,904.00	140,904.00	140,904.00	-	-	
Clean Communities Program	16,272.95	16,272.95	16,272.95	-	-	
Garden Club Grant - 96th Street	4,400.00	4,400.00	4,400.00	-	-	
Stone Harbor Property Owners Association Grant	7,000.00	7,000.00	7,000.00	-	-	
ACMJF- Wellness Grant	1,000.00	1,000.00	1,000.00	-	-	
Total Public and Private Programs Off-Set by Revenues	185,334.23	185,334.23	185,334.23	-	-	-
Total Operations - Excluded from "CAPS"	512,179.23	512,179.23	511,679.83	-	499.40	
Detail:						
Salaries and Wages	-	-	-	-	-	-
Other Expenses	512,179.23	512,179.23	511,679.83	-	499.40	-

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
(C) Capital Improvements						
Capital Improvement Fund	600,000.00	600,000.00	600,000.00	-	-	-
Computers/ Phones/ Door Lock System	40,000.00	40,000.00	34,398.89	5,110.00	491.11	
Beach Patrol Equipment	70,500.00	70,500.00	69,425.90	-	1,074.10	
Recreation Improvements	69,000.00	69,000.00	720.99	10,458.30	57,820.71	
PW Grounds Equipment - Tire Changer / Balancer	35,000.00	35,000.00	35,000.00	-	-	
Public Works Parking Lot LED Lights	5,000.00	5,000.00	3,367.67	716.48	915.85	
Natural Resources - Signage	1,500.00	1,500.00	-	-	1,500.00	
Police Vehicle	45,000.00	45,000.00	-	45,000.00	-	
Recreation Vehicles	16,000.00	16,000.00	16,000.00	-	-	
Police Equipment	50,500.00	50,500.00	3,408.35	12,091.65	35,000.00	
Street Line Painting	20,000.00	20,000.00	-	-	20,000.00	
Fire Department Vehicle	48,000.00	48,000.00	47,799.75	-	200.25	
Fire Department - Equipment	28,000.00	28,000.00	28,000.00	-	-	
Dredge - Flood Management	100,000.00	100,000.00	-	-	100,000.00	
Back Bay Dredge Management	345,000.00	345,000.00	345,000.00	-	-	
Beach Replenishment	345,000.00	345,000.00	345,000.00	-	-	
Beach & Bay Access	55,000.00	55,000.00	34,202.50	10.00	20,787.50	
Storm Sewer Master Plan	54,000.00	54,000.00	7,870.00	46,130.00	-	
Public Works Equipment	118,000.00	118,000.00	33,663.40	57,384.48	26,952.12	
Total Capital Improvements	2,045,500.00	2,045,500.00	1,603,857.45	176,900.91	264,741.64	-
(D) Debt Service						
Payment of Bond Principal	2,480,000.00	2,480,000.00	2,480,000.00			-
Interest on Bonds	1,238,256.25	1,238,256.25	1,238,256.25			-
New Jersey Environmental Infrastructure Trust						
Principal	235,600.00	235,600.00	235,577.19	-	-	22.81
Interest	62,793.75	62,793.75	43,478.01	-	-	19,315.74
Total Debt Service	4,016,650.00	4,016,650.00	3,997,311.45	-	-	19,338.55

CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Paid or Charged	Expended		(Over expended) Unexpended Balance Canceled
	Budget	Budget After Modifications		Encumbered	Reserved	
(E) Deferred Charges						
Emergency Authorizations						
Special Emergency Authorization - 5 years	73,000.00	73,000.00	73,000.00	-	-	
Deferred Charged to Future Taxation Unfunded:						
Ordinance 1356	70,000.00	70,000.00	70,000.00	-	-	
Ordinance 1390	30,000.00	30,000.00	30,000.00	-	-	
Total Deferred Charges	<u>173,000.00</u>	<u>173,000.00</u>	<u>173,000.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"	<u>6,747,329.23</u>	<u>6,747,329.23</u>	<u>6,285,848.73</u>	<u>176,900.91</u>	<u>265,241.04</u>	<u>19,338.55</u>
SUBTOTAL GENERAL APPROPRIATIONS	<u>17,908,020.23</u>	<u>18,243,020.23</u>	<u>16,692,026.05</u>	<u>458,609.45</u>	<u>1,073,046.18</u>	<u>19,338.55</u>
(M) Reserve for Uncollected Taxes	<u>480,000.00</u>	<u>480,000.00</u>	<u>480,000.00</u>			
TOTAL GENERAL APPROPRIATIONS	<u>\$ 18,388,020.23</u>	<u>18,723,020.23</u>	<u>17,172,026.05</u>	<u>458,609.45</u>	<u>1,073,046.18</u>	<u>19,338.55</u>
Budget		18,388,020.23				
Emergency Appropriations		<u>335,000.00</u>				
		<u>18,723,020.23</u>				
Reserve for Uncollected Taxes			480,000.00			
Federal and State Grants			185,334.23			
Deferred Charges - Special Emergency			73,000.00			
Disbursements			16,433,691.82			
			<u>17,172,026.05</u>			

EXHIBIT B - TRUST FUND

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Animal Control Fund:		
Cash	\$ 644.60	844.72
Due from Current Fund	0.17	-
	<u>644.77</u>	<u>844.72</u>
Other Funds:		
Cash - Treasurer	<u>3,713,536.89</u>	<u>3,252,193.39</u>
	<u>3,713,536.89</u>	<u>3,252,193.39</u>
	<u>\$ 3,714,181.66</u>	<u>3,253,038.11</u>
 LIABILITIES, RESERVES AND FUND BALANCE		
Animal Control Fund:		
Due to State of New Jersey	\$ 1.20	15.60
Due to Current Fund		223.19
Reserve for Expenditures	643.57	605.93
	<u>644.77</u>	<u>844.72</u>
Other Funds:		
Reserves - Miscellaneous	3,713,536.89	3,252,193.39
	<u>3,713,536.89</u>	<u>3,252,193.39</u>
	<u>\$ 3,714,181.66</u>	<u>3,253,038.11</u>

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

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EXHIBIT C - CAPITAL FUND

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

<u>ASSETS</u>	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Cash	\$	3,766,659.09	3,662,478.31
Deferred Charges to Future Taxation -			
Funded		31,720,456.53	34,457,426.50
Unfunded		15,070,512.68	5,416,862.68
Interfunds and Receivables			
Due from Grant Fund		-	51,191.31
Due from State of New Jersey - EIT		595,381.40	595,381.40
Due from Water and Sewer Capital Fund		-	93,711.33
		<u>51,153,009.70</u>	<u>44,277,051.53</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Contracts Payable		3,919,824.32	3,968,674.06
Serial Bonds Payable		28,670,000.00	31,150,000.00
NJEIT Loan Payable		3,050,456.53	3,307,426.50
Bond Anticipation Notes Payable		2,500,000.00	-
Improvement Authorizations:			
Funded		922,708.73	1,365,855.65
Unfunded		10,838,182.79	3,919,065.99
Reserve for Payment of NJEIT Loan		260,393.12	260,393.12
Reserve for Payment of Bonds		179,690.43	270,532.43
Reserve for Arbitrage Liability		1,699.33	1,699.33
Reserve for Preliminary Costs		841.69	841.69
Reserve for Back Bay Dredging		345,000.00	
Reserve for Beach Replenishment		345,000.00	
Capital Improvement Fund		119,093.00	32,443.00
Fund Balance		119.76	119.76
	\$	<u>51,153,009.70</u>	<u>44,277,051.53</u>

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

2019	5,416,862.68
2020	12,570,512.68

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>2020</u>	<u>2019</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>2020</u>	<u>2019</u>
<u>ASSETS</u>			
Operating Fund:			
Cash	\$	2,132,238.05	1,849,706.59
Change Fund		50.00	50.00
		<u>2,132,288.05</u>	<u>1,849,756.59</u>
Receivables and Other Assets with Full Reserves:			
Water & Sewer Rents Receivable		97,084.82	60,625.22
Due from Current Fund		-	5,980.00
		<u>97,084.82</u>	<u>66,605.22</u>
Total Operating Fund		<u>2,229,372.87</u>	<u>1,916,361.81</u>
Capital Fund:			
Cash - Treasurer		1,768,688.34	5,079,185.66
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		303,827.00	18,000.00
Fixed Capital		12,622,948.87	12,622,948.87
Fixed Capital - Authorized and Uncompleted		33,472,175.00	29,116,175.00
Total Capital Fund		<u>49,240,573.38</u>	<u>47,909,243.70</u>
	\$	<u>51,469,946.25</u>	<u>49,825,605.51</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>2020</u>	<u>2019</u>
<u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Operating Fund:			
Appropriation Reserves	\$	224,860.24	208,154.68
Reserve for Encumbrances		88,707.80	95,516.26
Due to Utility Capital Fund		303,827.00	18,000.00
Utility Prepayments		16,161.93	127,071.09
Utility Overpayments		30,888.04	77,494.70
Accrued Interest on Bonds and Notes		79,100.13	129,742.23
		<u>743,545.14</u>	<u>655,978.96</u>
Reserve for Receivables		97,084.82	60,625.22
Fund Balance		1,388,742.91	1,199,757.63
Total Operating Fund		<u>2,229,372.87</u>	<u>1,916,361.81</u>
Capital Fund:			
Encumbrances Payable		5,086,185.62	3,437,120.82
Interfunds:			
Due to General Capital Fund		-	93,711.33
Serial Bonds Payable		525,000.00	1,050,000.00
N.J. Environmental Infrastructure Trust Loans		5,435,113.60	6,031,266.79
Bond Anticipation Notes		15,355,173.00	14,459,000.00
Improvement Authorizations:			
Funded		-	41,368.50
Unfunded		3,973,818.62	5,356,473.91
Reserve for Amortization		18,377,885.32	16,952,905.13
Deferred Reserve for Amortization		238,700.00	238,700.00
Reserve for Payment of Bonds		60,000.00	60,000.00
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>49,240,573.38</u>	<u>47,909,243.70</u>
	\$	<u>51,469,946.25</u>	<u>49,825,605.51</u>

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

2019	3,007,251.95
2020	6,163,251.95

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

**WATER AND SEWER UTILITY FUND
COMPARATIVE STATEMENT OF OPERATIONS AND CHANGES
IN FUND BALANCE - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Ref.</u>	<u>2020</u>	<u>2019</u>
Revenue and Other Income Realized			
Fund Balance	\$	412,940.00	413,198.00
Water & Sewer Rents		4,027,415.36	3,865,929.37
Fire Hydrant Service		2,850.00	16,770.30
Miscellaneous Unanticipated Revenue		160,157.91	185,639.39
Miscellaneous Revenue		138,560.00	134,413.47
Other Credits to Income:			
Unexpended Balance of Appropriation Res.		238,964.70	177,083.29
Total Income		<u>4,980,887.97</u>	<u>4,793,033.82</u>
Expenditures			
Operations			
Salaries and Wages		407,500.00	407,500.00
Other Expenses		577,770.00	590,900.00
Interlocal Agreement - CFO		19,215.00	18,835.00
Cape May County MUA		1,545,000.00	1,560,000.00
Capital Improvements		78,000.00	90,000.00
Debt Service		1,610,450.69	1,601,587.92
Statutory & Deferred Charges		141,027.00	83,767.00
Total Expenditures		<u>4,378,962.69</u>	<u>4,352,589.92</u>
Excess/(Deficit) in Revenue		<u>601,925.28</u>	<u>440,443.90</u>
Fund Balance January 1		<u>1,199,757.63</u>	<u>1,172,511.73</u>
		1,801,682.91	1,612,955.63
Decreased by:			
Utilization as Anticipated Revenue		<u>412,940.00</u>	<u>413,198.00</u>
Fund Balance December 31	\$	<u><u>1,388,742.91</u></u>	<u><u>1,199,757.63</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>2020</u>	<u>2019</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, 2020**

	Anticipated Budget	Realized	Excess or (Deficit)
Surplus Anticipated	\$ 412,940.00	412,940.00	-
Rents - Water & Sewer	3,745,000.00	4,027,415.36	282,415.36
Fire Hydrant Service	2,850.00	2,850.00	-
Miscellaneous	320,000.00	160,157.91	(159,842.09)
Miscellaneous Not Anticipated		138,560.00	138,560.00
	<u>\$ 4,480,790.00</u>	<u>4,741,923.27</u>	<u>261,133.27</u>

Analysis of Realized Revenue:

Consumer Accounts Receivable:

Water and Sewer Rents

Current Collections	3,822,849.57
Prepayments & Overpayments Applied	204,565.79
Fire Hydrant Service	2,850.00
Miscellaneous below	160,157.91

4,190,423.27

Miscellaneous

Meter Boxes & Fittings	62,446.00
Infrastructure Maintenance Fees	2,526.00
Final Meter Reading	6,525.00
Miscellaneous	11,696.50
Street Openings	25,287.50
Turn off/on	5,925.00
Interest on Investments	24,853.87
Annual Maintenance	23,748.04

163,007.91

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

WATER AND SEWER UTILITY FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Appropriations		Expended		(Over expended) Unexpended Balance Cancelled
	Budget	Budget After Modifications	Paid or Charged	Encumbered	
Operations:					
Salaries and Wages	\$ 407,500.00	407,500.00	405,356.36		2,143.64
Other Expenses	577,770.00	577,770.00	391,859.97	72,610.60	113,299.43
Cape May County MUA	1,545,000.00	1,545,000.00	1,483,376.00		61,624.00
Interlocal Agreement - CFO	19,215.00	19,215.00	19,086.40		128.60
	<u>2,549,485.00</u>	<u>2,549,485.00</u>	<u>2,299,678.73</u>	<u>72,610.60</u>	<u>177,195.67</u>
					-
Capital Improvements:					
Capital Improvement Fund	78,000.00	-	16,062.80	16,097.20	45,840.00
Capital Outlay	<u>78,000.00</u>	<u>78,000.00</u>	<u>16,062.80</u>	<u>16,097.20</u>	<u>45,840.00</u>
					-
Debt Service:					
Payment of Bond Principal	1,052,700.00	1,052,700.00	1,052,699.09		0.91
Payment on BAN's & Capital Notes	196,000.00	196,000.00	196,000.00		73,615.17
Interest on Bonds	137,250.00	137,250.00	63,634.83		28,211.23
Interest on Notes	326,328.00	326,328.00	298,116.77		
	<u>1,712,278.00</u>	<u>1,712,278.00</u>	<u>1,610,450.69</u>	<u>-</u>	<u>101,827.31</u>
Deferred Charges and Statutory Expenditures:					
Unfunded Ordinance - 1342	96,827.00	96,827.00	96,827.00		-
Unfunded Ordinance - 1480	11,000.00	11,000.00	11,000.00		-
Social Security System	31,200.00	31,200.00	29,690.55		1,509.45
Unemployment	2,000.00	2,000.00	1,684.88		315.12
	<u>141,027.00</u>	<u>141,027.00</u>	<u>139,202.43</u>	<u>-</u>	<u>1,824.57</u>
					-
\$	<u>4,480,790.00</u>	<u>4,480,790.00</u>	<u>4,065,394.65</u>	<u>88,707.80</u>	<u>101,827.31</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>2020</u>	<u>2019</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	4,511,293.67
Machinery and Equipment	10,311,049.49	10,543,020.69
	<u>93,130,913.67</u>	<u>93,442,281.88</u>
Investment in General Fixed Assets	\$ <u>93,130,913.67</u>	<u>93,442,281.88</u>

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

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NOTES TO FINANCIAL STATEMENTS

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the 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, 2020 AND 2019
(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, 2020 AND 2019
(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, 2020 AND 2019
(CONTINUED)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F. Recent Accounting Pronouncements Not Yet Effective

In May 2019, the Governmental Accounting Standards Board (GASB) issued Statement No. 91, "Conduit Debt Obligations". This statement is effective for fiscal periods beginning after December 15, 2020, will not have any effect on the Borough's financial reporting.

In January 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 92, "Omnibus 2020". This statement is effective for fiscal periods beginning after June 15, 2020, with the exception of the provisions affecting GASB 87 which is effective upon issuance, will not have any effect on the Borough's financial reporting.

In March 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 93, "Replacement of Interbank Offered Rates". This statement is effective for fiscal periods beginning after June 15, 2020, will not have any effect on the Borough's financial reporting.

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

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

In June 2020, the Governmental Accounting Standards Board (GASB) issued Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32". This statement is effective for fiscal periods beginning after June 15, 2021 and will not have any effect on the Borough's financial reporting.

NOTE 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2020 and 2019 statutory budgets included a reserve for uncollected taxes in the amount of \$805,000.00 and \$465,000.00, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2020 and 2019 statutory budgets was \$1,832,167.00 and \$1,653,999.01, 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 2020 and 2019 statutory budgets was \$412,940.00 and \$413,198.00.

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

NOTE 2: BUDGETARY INFORMATION - Continued

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.

The following significant budget transfers were approved in the 2020 and 2019 calendar years:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
<u>Current Fund:</u>		
Planning Board		
Other Expenses	10,000.00	
Engineering Services and Costs		
Other Expenses	15,000.00	
Beach Patrol		
Salaries and Wages	335,000.00	
Tourism		
Other Expenses	(25,000.00)	

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. During 2020 and 2019, the following significant budget insertions were approved:

<u>Budget Category</u>	<u>2020</u>	<u>2019</u>
NJ DOT -88th	\$	\$ 200,000.00
Drunk Driving Enforcement		2,000.00
	\$	\$
	-	202,000.00

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 \$35,000 in 2015, 250,000.00 in 2016 and \$100,000.00 in 2017. The 2015 Special Emergency was for Preparation and Execution of Tax Maps, 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, 2020 was \$163,000.00. The Borough also approved an emergency appropriation of \$335,000 in 2020. The emergency was for Beach Patrol Salaries and Wages.

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

NOTE 3: INVESTMENTS

As of December 31, 2020 and 2019, 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, 2020 and 2019, \$2,982,587.88 and \$2,681,363.28 of the municipality's bank balance of \$17,782,471.53 and \$19,759,870.72 was exposed to custodial credit risk.

NOTE 5: FIXED ASSETS

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

	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020
Land	\$ 78,321,333.00			\$ 78,321,333.00
Building	66,635.00			66,635.00
Building Improvements	4,511,294.11	3,799.00	(83,196.93)	4,431,896.18
Equipment and Machinery	10,543,019.77	339,687.62	(571,657.90)	10,311,049.49
	<u>\$ 93,442,281.88</u>	<u>343,486.62</u>	<u>(654,854.83)</u>	<u>93,130,913.67</u>

	Balance 12/31/2018	Additions	Retirements	Balance 12/31/2019
Land	\$ 78,321,333.00			\$ 78,321,333.00
Building	66,635.00			66,635.00
Building Improvements	4,511,294.11			4,511,294.11
Equipment and Machinery	9,439,209.03	1,239,668.74	(135,858.00)	10,543,019.77
	<u>\$ 92,338,471.14</u>	<u>1,239,668.74</u>	<u>(135,858.00)</u>	<u>93,442,281.88</u>

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

Note 6: SHORT-TERM OBLIGATIONS

At December 31, 2020, the Borough has a bond anticipation outstanding in the amount of \$17,855,173.00, due October 29, 2021 with interest at 1.25%.

	<u>Balance 12/31/19</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/20</u>
Bond Anticipation				
Notes payable:				
General	\$ -	2,500,000.00		2,500,000.00
Water & Sewer	14,459,000.00	15,355,173.00	14,459,000.00	15,355,173.00
	<u>\$ 14,459,000.00</u>	<u>17,855,173.00</u>	<u>14,459,000.00</u>	<u>17,855,173.00</u>

At December 31, 2019, the Borough has a bond anticipation outstanding in the amount of \$14,459,000.00, due October 30, 2020 with interest at 2.50%.

	<u>Balance 12/31/18</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/19</u>
Bond Anticipation				
Notes payable:				
General	\$ -			-
Water & Sewer	9,597,000.00	14,459,000.00	9,597,000.00	14,459,000.00
	<u>\$ 9,597,000.00</u>	<u>14,459,000.00</u>	<u>9,597,000.00</u>	<u>14,459,000.00</u>

NOTE 7: LONG TERM DEBT

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

	<u>Balance 12/31/19</u>	<u>Retired</u>	<u>Cancelled</u>	<u>Balance 12/31/20</u>	<u>Amounts Due Within One Year</u>
Bonds payable:					
General	\$ 31,150,000.00	2,480,000.00		28,670,000.00	2,540,000.00
Utility	1,050,000.00	525,000.00		525,000.00	170,000.00
Total	<u>32,200,000.00</u>	<u>3,005,000.00</u>	<u>-</u>	<u>29,195,000.00</u>	<u>2,710,000.00</u>
Other liabilities:					
Loans Payable:					
General	3,307,426.50	235,577.19	21,392.78	3,050,456.53	259,711.43
Utility	6,031,266.79	519,699.09	76,454.10	5,435,113.60	560,212.21
Total long-term liabilities	<u>\$ 41,538,693.29</u>	<u>3,760,276.28</u>	<u>97,846.88</u>	<u>37,680,570.13</u>	<u>3,529,923.64</u>

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

	Balance 12/31/18	Retired	Cancelled	Balance 12/31/19	Amounts Due Within One Year
Bonds payable:					
General	\$ 33,580,000.00	2,430,000.00		31,150,000.00	2,480,000.00
Utility	1,575,000.00	525,000.00		1,050,000.00	525,000.00
Total	35,155,000.00	2,955,000.00	-	32,200,000.00	3,005,000.00
Other liabilities:					
Loans Payable:					
General	3,559,988.36	252,561.86		3,307,426.50	256,969.97
Utility	6,903,200.38	538,981.60	332,951.99	6,031,266.79	556,306.28
Total long-term liabilities	\$ 45,618,188.74	3,746,543.46	332,951.99	41,538,693.29	3,818,276.25

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, 2020 is \$3,825,000.00.

\$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, 2020 is \$24,845,000.00.

\$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, 2020 is \$699,232.88.

\$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, 2020 is \$103,033.21.

\$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, 2020 is \$96,654.45

\$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, 2020 is \$28,781.64.

\$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, 2020 is \$743,872.47.

\$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, 2020 is \$124,909.63.

\$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, 2020 is \$266,476.00

\$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, 2020 is \$814,618.67.

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

NOTE 7: LONG TERM DEBT - Continued

\$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, 2020 is \$130,807.30.

\$69,115.00 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, 2020 is \$42,070.28.

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, 2020 is \$525,000.00.

\$1,445,000.00 Refunding Bonds dated March 31, 2017, due in annual installments through August 15, 2020, bearing interest at 4.0%. The balance remaining as of December 31, 2020 is \$0.00.

\$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, 2020 is \$379,000.00.

\$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, 2020 is \$323,215.54.

\$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, 2020 is \$422,000.00.

\$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, 2020 is \$736,507.24.

\$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, 2020 is \$121,231.82.

\$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, 2020 is \$78,240.44.

\$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, 2020 is \$373,086.05.

\$226,358.02 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, 2020 is \$111,097.26.

\$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, 2020 is \$612,836.49.

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

NOTE 7: LONG TERM DEBT - Continued

\$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, 2020 is \$102,906.35.

\$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, 2020 is \$1,629,237.33.

\$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, 2020 is \$200,000.01.

\$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, 2020 is \$261,614.51.

\$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, 2020 is \$84,140.56.

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

<u>Year</u>	<u>General Fund</u>		<u>Utility Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	2,799,711.43	1,200,151.23	560,212.21	110,848.78
2022	2,860,316.53	1,092,775.35	563,651.43	97,624.86
2023	2,959,724.66	983,369.21	575,900.64	83,580.80
2024	2,291,404.54	868,336.42	582,391.06	68,632.34
2025-2029	12,574,678.02	2,794,163.72	2,258,286.84	199,330.08
2030-2034	8,234,621.37	533,508.84	894,671.42	41,703.66
	<u>\$ 31,720,456.55</u>	<u>7,472,304.77</u>	<u>5,435,113.60</u>	<u>601,720.52</u>

As of December 31, 2020, 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 \$1,281,734.26 and to the utility budget was \$361,751.60.

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

NOTE 7: LONG TERM DEBT - Continued

<u>Summary of Municipal Debt</u>	<u>Year 2020</u>	<u>Year 2019</u>	<u>Year 2018</u>
<u>Issued:</u>			
General - Bonds and Notes	\$ 34,220,456.53	\$ 34,457,426.50	\$ 37,139,988.36
Water/Sewer Utility - Bonds and Notes	21,315,286.60	21,540,266.79	18,075,200.38
Total Issued	<u>55,535,743.13</u>	<u>55,997,693.29</u>	<u>55,215,188.74</u>
<u>Authorized but not issued:</u>			
General - Bonds and Notes	12,570,512.68	5,416,862.68	645,878.05
Water/Sewer Utility - Bonds and Notes	6,163,251.95	3,007,251.95	3,244,643.95
Total Authorized But Not Issued	<u>18,733,764.63</u>	<u>8,424,114.63</u>	<u>3,890,522.00</u>
Total Bonds & Notes Issued and Authorized But Not Issued	<u>\$ 74,269,507.76</u>	<u>\$ 64,421,807.92</u>	<u>\$ 59,105,710.74</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 0.918%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Local School District Debt			-
Water/Sewer Utility Debt	21,383,740.72	21,383,740.72	-
General Debt	46,790,969.21		46,790,969.21
	<u>\$ 68,174,709.93</u>	<u>\$ 21,383,740.72</u>	<u>\$ 46,790,969.21</u>

Net Debt \$46,790,969.21 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$5,096,459,148.33 = 0.918%.

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

3 1/2 % of Equalized Valuation Basis (Municipal)	\$ 178,376,070.19
Net Debt	46,790,969.21
Remaining Borrowing Power	<u>\$ 131,585,100.98</u>

The Borough of Stone Harbor School District, as a K-5 school district, is permitted to borrow up to 2.5% of the average equalized valuation for the past three years. State statutes allow a school district to exceed the districts limitation with voter approval. Any amount approved by the voters in excess of the limit is treated as an impairment of the municipal limit.

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

NOTE 8: FUND BALANCES APPROPRIATED

Fund balances at December 31, 2020 and 2019, which were appropriated and included as anticipated revenue in their own respective funds for the year ending December 31, 2021 and 2020 were as follows:

	2020	2019
Current Fund	\$ 1,833,936.05	\$ 1,832,167.00
Water/Sewer Utility	428,531.32	412,940.00

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:

	12/31/2020	12/31/2019
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 12/31/20	Balance 12/31/19
Prepaid Taxes	\$ 826,954.14	\$ 849,156.04
Cash Liability for Taxes Collected in Advance	<u>\$ 826,954.14</u>	<u>\$ 849,156.04</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.

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

NOTE 11: PENSION FUNDS - Continued

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.

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, 2020, 2019, and 2018 were \$358,274.00, \$389,325.00, and \$369,330.36.

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, 2020, 2019, and 2018 were \$351,979.00, \$283,817.00, and \$333,425.00.

The total payroll for the year ended December 31, 2020, 2019, and 2018 was \$5,455,949.56, \$4,934,978.31 and \$4,828,651.12. Payroll covered by PFRS was \$1,193,397.00, \$1,144,334.00, and \$1,123,608.00. Payroll covered by PERS was \$2,580,097.00, \$2,751,589.00, and \$2,659,621.00.

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.

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

NOTE 11: PENSION FUNDS - Continued

- New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary.
- In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

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

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

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

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

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

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, 2020:

Public Employees' Retirement System

The Municipality has a liability of \$6,217,395.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.03812625500%, which would be an increase of 3.90% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$141,144.00. At December 31, 2020, the Municipality would report deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 113,209.00	\$ (21,987.00)
Changes of assumptions	201,699.00	(2,603,282.00)
Changes in proportion	319,122.00	(325,788.00)
Net difference between projected and actual earnings on pension plan investments	212,516.00	
Total	<u>\$ 846,546.00</u>	<u>\$ (2,951,057.00)</u>

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

Year ended June 30,	
2021	\$ (782,648.01)
2022	(713,537.03)
2023	(407,768.18)
2024	(164,894.58)
2025	(35,663.20)
Total	<u>\$ (2,104,511.00)</u>

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

NOTE 12: PENSION LIABILITIES - Continued

Actuarial Assumptions

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

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

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

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

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

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

NOTE 12: PENSION LIABILITIES - Continued

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

Discount Rate

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Municipality's proportionate share of the net pension liability	\$ 7,404,900.27	6,217,395.00	5,211,060.02

Pension plan fiduciary net position.

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

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

NOTE 12: PENSION LIABILITIES - Continued

Police and Firemen's Retirement System

The Municipality has a liability of \$4,136,098.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as July 1, 2019 that was rolled forward to June 30, 2020. The Municipality's proportion of the net pension liability was based on a projection of the Municipality's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Municipality's proportion would be 0.03200987550%, which would be a decrease of 8.14% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Municipality would have recognized pension expense of \$115,927.00. At December 31, 2020, the Municipality would have reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ 41,699.00	\$ (14,844.00)
Changes of assumptions	10,408.00	(1,108,863.00)
Changes in proportion	640,387.00	(1,079,388.00)
Net difference between projected and actual earnings on pension plan investments	242,519.00	
Total	<u>\$ 935,013.00</u>	<u>\$ (2,203,095.00)</u>

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

Year ended June 30,	
2021	\$ (591,770.21)
2022	(399,373.18)
2023	(162,587.60)
2024	(61,419.79)
2025	(52,931.22)
Total	<u>\$ (1,268,082.00)</u>

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

NOTE 12: PENSION LIABILITIES - Continued

Actuarial Assumptions

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

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

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

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

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

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

NOTE 12: PENSION LIABILITIES - Continued

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the non-employer contributing entity will be made based 78% of the actuarially 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, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	5,345,706.91	4,136,098.00	3,131,452.20

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

NOTE 12: PENSION LIABILITIES - Continued

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

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

Although the liabilities related to the special funding situation are the liabilities of the State of New Jersey, the proportionate share of the statewide liability allocated to the Municipality was 0.03200987550% for 2020. The net pension liability amount allocated to the Municipality was \$641,904.00. For the fiscal year ending June 30, 2020 State special funding situation pension expense of \$72,747.00 is allocated to the Municipality.

Pension plan fiduciary net position.

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

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

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

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

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

NOTE 13 – OTHER POST-RETIREMENT BENEFITS – Continued

1) retired on a disability pension;

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

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

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

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

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

Allocation Methodology:

GASB Statement No. 75 requires participating employers in the Plan to recognize their proportionate share of the collective net OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective OPEB expense, however under the Regulatory Basis of Accounting followed by the Borough 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, 2019 were \$5,637,151,775.00 and \$8,182,092,807.00, respectively. The nonspecial funding situation's net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense are further allocated to employers based on the ratio of the plan members of an individual employer to the total members of the Plan's non special funding situation during the measurement period July 1, 2018 through June 30, 2019. Employer and non-employer allocation percentages have been rounded for presentation purposes.

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

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

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, 2019 is as follows:

	June 30, 2019	
	Collective Total	Proportionate Share
Total OPEB Liability	\$ 13,819,244,582.00	\$ 7,785,071.00
Plan Fiduciary Net Position	273,173,482.00	153,892.00
Net OPEB Liability	<u>\$ 13,546,071,100.00</u>	<u>\$ 7,631,179.00</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.98%

At June 30, 2019 the Borough's proportionate share of the Collective Net OPEB Liability was \$7,631,179.00. The State's proportionate share for the Special Funding Situation that is associated with the Borough is \$4,263,147.00. The Borough's proportion of the Collective Net OPEB Liability was 0.056335% which was a decrease from the prior year of 21.16%. The State's proportionate share attributable to the Borough of the Collective Net OPEB Liability for the Special Funding Situation was 0.077151% which was an increase from the prior year of 68.64%.

Borough's Proportionate Share of Collective Net OPEB Liability	\$ 7,631,179.00
State's proportionate share that is associated with the Borough	4,263,147.00
Total	<u>\$ 11,894,326.00</u>

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

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

For the Year ended June 30, 2019 the Borough's Total OPEB Expense was (\$788,751.00) and the State of New Jersey realized Total OPEB Expense in the amount of \$56,509.00 for its proportionate share of Total OPEB Expense that is associated with the Borough.

The total OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

Mortality:

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

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

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

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2019 was 3.50%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

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

		1% Decrease (2.50%)		Discount Rate (3.50%)		1% Increase (4.50%)
Collective						
Net OPEB Liability	\$	15,662,704,137.00	\$	13,546,071,100.00	\$	11,826,026,995.00
Proportionate Share						
Net OPEB Liability	\$	8,823,584.20	\$	7,631,179.00	\$	6,662,192.17

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

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

		1% Decrease		Healthcare Cost Trend Rate		1% Increase
Collective						
Net OPEB Liability	\$	11,431,214,644.00	\$	13,546,071,100.00	\$	16,243,926,531.00
Proportionate Share						
Net OPEB Liability	\$	6,439,774.64	\$	7,631,179.00	\$	9,151,015.83

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

At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired employees' OPEB from the following sources:

	Collective Totals		Proportionate Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ (3,961,399,180.00)	\$	\$ (2,231,654.00)
Changes of assumptions		(4,800,426,301.00)		(2,704,320.00)
Net difference between projected and actual earnings on OPEB plan investments	11,158,226.00		6,286.00	
Changes in proportion and differences between contributions and proportionate share of contributions			186,628.00	(4,665,620.00)
Total	\$ 11,158,226.00	\$ (8,761,825,481.00)	\$ 192,914.00	\$ (9,601,594.00)

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

NOTE 13 – OTHER POST-RETIREMENT BENEFITS - Continued

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
2020	\$ (1,425,201,517.00)	\$ (1,532,370.57)
2021	(1,425,201,517.00)	(1,532,370.57)
2022	(1,426,076,187.00)	(1,533,311.02)
2023	(1,427,489,995.00)	(1,534,831.14)
2024	(1,428,781,861.00)	(1,536,220.15)
Thereafter	(1,617,916,178.00)	(1,739,576.55)
Total	\$ <u>(8,750,667,255.00)</u>	\$ <u>(9,408,680.00)</u>

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

Collective OPEB Expenses reported by the State of New Jersey

The components of allocable OPEB Expense related to specific liabilities of individual employers for the year ending June 30, 2019 are as follows:

Service cost	\$ 666,574,660.00
Interest on Total OPEB Liability	636,082,461.00
Expected Investment Return	(11,286,267.00)
Administrative Expenses	9,478,435.00
Changes of Benefit Terms	(1,903,958.00)
Current Period Recognition (Amortization) of Deferred Inflows/ Outflows of Resources:	
Differences between Expected and Actual Experience	(619,405,071.00)
Changes in Assumptions	(809,376,790.00)
Differences between Projected and Actual Investment Earnings on OPEB Plan Investments	3,580,344.00
Total Collective OPEB Expense	\$ <u>(126,256,186.00)</u>

Schedule of Borough's Share of Net OPEB Liability

	<u>2019</u>	<u>2018</u>
Borough's Proportionate Share of Net OPEB Liability	0.056335%	0.071454%
Borough's Share of Net OPEB Liability	\$ 7,631,179.00	11,194,425.00
Borough's Covered Payroll	2,751,589.00	2,659,621.00
Borough's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	277.34%	420.90%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.98%	1.97%

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

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, 2020 and 2019 the entity did not incur claims in excess of their coverage and the amount of coverage did not significantly decrease.

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

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.

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

NOTE 19: INTERFUND BALANCES

As of December 31, 2020, 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	\$ 0.17	
Animal Control Fund:		
Current Fund		0.17
Water Sewer Operating Fund:		
Water and Sewer Capital Fund	303,827.00	
Water and Sewer Capital Fund:		
Water and Sewer Operating Fund		303,827.00
	\$ <u>303,827.17</u>	<u>303,827.17</u>

NOTE 20: SUBSEQUENT EVENTS

The entity has evaluated subsequent events through July 9, 2021, 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.

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Honorable Mayor and
Members of Borough Council
Borough of Stone Harbor, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the various funds and account group as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Borough's basic financial statements, and have issued our report thereon dated July 9, 2021, which was adverse due to being presented in accordance with the New Jersey regulatory basis of accounting.

Internal Control over Financial Reporting

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Very truly yours,

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

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

July 9, 2021

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

		<u>Current Fund</u>
Balance December 31, 2019	\$	5,843,564.54
Increased by Receipts:		
Tax Collector	29,892,721.01	
Revenue Accounts Receivable	2,718,922.21	
Miscellaneous Revenue	156,544.11	
State of New Jersey:		
Senior Citizen and Veterans Deductions	12,000.00	
DCA Training Fees	24,215.00	
Payroll Deductions Payable	348.66	
Prepaid Beach Fees	69,925.00	
Prepaid Uniform Fire Code Fees	91,047.50	
Due to Grant Fund	0.06	
Due from Dog Trust Fund	224.39	
Federal and State Unappropriated Reserves	19,599.93	
Federal and State Receivables	303,853.04	
		<u>33,289,400.91</u>
		39,132,965.45
Decreased by Disbursements:		
Current Year Appropriation	16,433,691.82	
Prior Year Appropriations	314,685.56	
County Taxes	14,098,346.22	
DCA Training Fees	25,276.00	
Local District School Taxes	2,594,142.00	
Increase in Change Funds	100.00	
Due to Utility Operating	5,980.00	
Reserve for TTL Premiums	42,900.00	
Reserve for Tax Appeals	3,407.50	
Accounts Payable	23,663.18	
Due from Trust Other	0.17	
Due to General Capital Fund	51,191.31	
Due to Current Fund	0.06	
Federal and State Disbursements	177,958.55	
		<u>33,771,342.37</u>
Balance December 31, 2020	\$	<u>5,361,623.08</u>
	Current Fund	5,267,320.03
	Grant Fund	94,303.05
		<u>5,361,623.08</u>

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

Balance December 31, 2019		\$	-
Increased by Receipts:			
Prepaid Taxes	826,954.14		
Tax Overpayments	52,852.31		
Taxes Receivable	28,954,326.70		
Revenue Accounts Receivable	58,587.86		
	<hr/>		<hr/>
			29,892,721.01
			29,892,721.01
Payments to Treasurer			<hr/>
			29,892,721.01
Balance December 31, 2020		\$	<hr/> <hr/>
			-

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

Year	Balance Dec. 31, 2019	Current Year Levy	Added Taxes	Collections by Cash		Adjustments	Transferred To Tax Title Lien	Balance Dec. 31, 2020
				2019	2020			
2019	\$ 123,720.12				113,434.41	10,285.71		(0.00)
	123,720.12	-	-	-	113,434.41	10,285.71	-	(0.00)
2020		29,808,448.49	178,804.31	849,156.04	28,917,399.52	3,942.82	55.51	216,698.91
		29,808,448.49	178,804.31	849,156.04	29,030,833.93	14,228.53	55.51	216,698.91
\$ 123,720.12 29,808,448.49 178,804.31 849,156.04 29,030,833.93 14,228.53 55.51 216,698.91								
Analysis of Current Year Tax Levy								
Tax Yield:								
General Property Tax								
Added Taxes (54:4-63.1 et. Seq.)								
					29,808,448.49			
					178,804.31			
					<u>29,987,252.80</u>			
Tax Levy:								
General County Taxes								
					11,738,838.28			
					1,750,323.30			
					514,625.01			
					84,384.01			
					<u>14,088,170.60</u>			
Total County Taxes								
Local School District Tax								
					2,594,142.00			
Local Tax for Municipal Purposes								
					13,062,000.00			
					242,940.20			
					<u>13,304,940.20</u>			
					<u>29,987,252.80</u>			

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

Balance December 31, 2019		\$	279.47
Increased by:			
Transfers from Taxes Receivable	55.51		
	<hr/>		<hr/>
			55.51
			334.98
Decreased by:			
None			
	<hr/>		<hr/>
			-
Balance December 31, 2020		\$	<u><u>334.98</u></u>

CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

	Balance Dec. 31, 2019	Accrued in 2020	Collected by Collector	Treasurer	Balance Dec. 31, 2020
Licenses:					
Alcoholic Beverages		10,000.00		10,000.00	
Fees and Permits		406,268.19		406,268.19	
Construction Code Official:					
Fees and Permits		506,741.50		506,741.50	
Municipal Court:					
Fines and Costs	2,892.36	40,433.72		40,886.36	2,439.72
Parking Meters		296,603.27		296,603.27	
Interest and Costs on Taxes		58,587.86	58,587.86		
Interest Earned on Investments and Deposits		53,249.19		53,249.19	
Beach Fees		748,459.00		748,459.00	
Tennis Courts		54,265.99		54,265.99	
Cell Tower Rent		47,610.00		47,610.00	
Television Cable Fees		30,568.41		30,568.41	
Uniform Fire Code Official		133,232.00		133,232.00	
Uniform Fire Safety Act		8,984.30		8,984.30	
Arts and Crafts Show		17,158.00		17,158.00	
Beach Concessions		72,000.00		72,000.00	
Special Events Revenue		1,685.00		1,685.00	
Energy Receipts Tax		214,317.00		214,317.00	
Interlocal Agreement - Court		116,760.00		116,760.00	
Reserve for Payment of Bonds		90,842.00		90,842.00	
	<u>2,892.36</u>	<u>2,907,765.43</u>	<u>58,587.86</u>	<u>2,849,630.21</u>	<u>2,439.72</u>
	A	Res.	A-5		A
		Prepaid Uniform Fire Code Fees	A	83,017.00	
		Prepaid Beach Tags	A	47,691.00	
		Collected	A-4	2,718,922.21	
				<u>2,849,630.21</u>	

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
OPERATIONS WITHIN "CAPS"				
GENERAL GOVERNMENT				
General Administration				
Salaries and Wages	0.05	0.05		0.05
Other Expenses	18,081.33	18,081.33	6,569.80	11,511.53
Mayor and Council				
Salaries and Wages	6,211.28	6,211.28	-	6,211.28
Other Expenses	1,952.50	1,952.50	1,115.93	836.57
Municipal Clerk				
Salaries and Wages	445.00	445.00	-	445.00
Other Expenses	1,375.55	1,375.55	1,264.45	111.10
Financial Administration				
Other Expenses	5,465.55	5,465.55	2,764.65	2,700.90
Elections				
Other Expenses	1,707.78	1,707.78	-	1,707.78
Audit Services				
Other Expenses	8,580.00	8,580.00	4,800.00	3,780.00
Collection of Taxes				
Other Expenses	2,678.61	2,678.61	1,406.00	1,272.61
Assessment of Taxes				
Salaries and Wages	617.75	617.75	-	617.75
Other Expenses	1,552.85	1,552.85	1,103.20	449.65
Legal Services and Costs				
Other Expenses	32,120.31	32,120.31	6,459.95	25,660.36
Engineering Services and Costs				
Other Expenses	997.50	997.50	922.50	75.00

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
Insurance				
Employee Group Insurance	155,620.84	155,620.84	10,101.75	145,519.09
Other Insurance Premiums	50,372.00	50,372.00	-	50,372.00
Health Benefit Waiver				
Salaries and Wages	4,318.34	4,318.34	-	4,318.34
LAND USE ADMINISTRATION				
Planning Board				
Salaries and Wages	284.96	284.96	-	284.96
Other Expenses	10,399.59	10,399.59	942.99	9,456.60
Zoning Board				
Other Expenses	7,958.18	7,958.18	1,173.06	6,785.12
PUBLIC SAFETY				
Fire Department				
Other Expenses	78,743.22	78,743.22	38,062.48	40,680.74
Police Department				
Salaries and Wages	96,505.06	96,505.06	1,856.50	94,648.56
Other Expenses	25,984.88	25,984.88	16,977.76	9,007.12
Office of Emergency Management				
Salaries and Wages	152.00	152.00	-	152.00
Other Expenses	2,140.00	2,140.00	-	2,140.00
Municipal Prosecutor				
Other Expenses	678.96	678.96	-	678.96
Uniform Construction Code Official				
Salaries and Wages	1,846.59	1,846.59	-	1,846.59
Other Expenses	9,286.35	9,286.35	-	9,286.35
Municipal Court				
Salaries and Wages	3,290.25	3,290.25	-	3,290.25
Other Expenses	8,036.43	8,036.43	995.42	7,041.01

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
PUBLIC WORKS				
Public Works				
Salaries and Wages	38,176.97	38,176.97	18,781.64	19,395.33
Other Expenses	61,654.89	61,654.89	26,199.89	35,455.00
Solid Waste Collection				
Salaries and Wages	44,632.86	44,632.86	8,788.91	35,843.95
Other Expenses	84,241.98	84,241.98	21,326.05	62,915.93
Public Building and Grounds				
Other Expenses	32,443.56	32,443.56	17,714.02	14,729.54
NATURAL RESOURCES				
Natural Resources Committee				
Salaries and Wages	21,000.00	21,000.00	-	21,000.00
Other Expenses	14,973.78	14,973.78	9,001.97	5,971.81
Animal Control				
Other Expenses	2,209.00	2,209.00	900.00	1,309.00
HEALTH AND HUMAN SERVICES				
Safety Compliance				
Other Expenses	11,205.44	11,205.44	4,031.83	7,173.61
RECREATION AND EDUCATION				
Beach Patrol				
Other Expenses	2,921.82	2,921.82	2,921.82	-
Parks and Playgrounds				
Salaries and Wages	13,364.75	13,364.75	-	13,364.75
Other Expenses	4,834.03	4,834.03	2,654.64	2,179.39
Tourism				
Other Expenses	31,661.60	31,661.60	7,472.34	24,189.26

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
STATE UNIFORM CONSTRUCTION CODE				
Construction Official				
Other Expenses	552.84	552.84	552.84	-
UNCLASSIFIED				
Longevity Pay for Employees	18.00	18.00	-	18.00
UTILITIES				
Electricity	12,122.30	12,122.30	12,122.30	-
Telephone	2,547.35	2,547.35	2,547.35	-
Street Lighting	12,351.15	12,351.15	11,994.86	356.29
Gasoline	54,521.27	54,521.27	2,575.71	51,945.56
Natural Gas	11,009.23	11,009.23	8,032.83	2,976.40
Contingent	74.31	74.31	-	74.31
STATUTORY EXPENDITURES				
Contribution to				
Defined Contribution Retirement Plan	470.47	470.47	-	470.47
Social Security	22,790.98	22,790.98	-	22,790.98
Unemployment Compensation Insurance	172.29	172.29	-	172.29
INTERLOCAL AGREEMENTS				
Borough of Avalon				
Police Dispatch Services				
Other Services	12,650.94	12,650.94	-	12,650.94

CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES - PRIOR YEAR

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charged	Balance Lapsed
CAPITAL IMPROVEMENTS				
Computers/ Phones/ Door Lock System	15,503.84	15,503.84	15,327.70	176.14
Police - Life Scan Fingerprint System	3,197.00	3,197.00	3,197.00	-
UCC Technology Equipment	1,179.20	1,179.20	-	1,179.20
Fire Department HVAC	130.00	130.00	-	130.00
Fire Department Technology Equipment	12,000.00	12,000.00	-	12,000.00
Public Works - Radio Equipment	200.00	200.00	-	200.00
Beach Patrol Equipment	96.03	96.03	-	96.03
Recreation Improvements	40,718.56	40,718.56	40,179.33	539.23
Police - Breath Test Machine	20,000.00	20,000.00	-	20,000.00
PW Grounds Equipment - Tire Changer / Balancer	1,874.66	1,874.66	1,631.96	242.70
Police Department Computers	94.13	94.13	94.13	-
Street Signs	3,242.54	3,242.54	120.00	3,122.54
Public Works Parking Lot LED Lights	5,000.00	5,000.00	-	5,000.00
Public Works Vehicle	1,045.98	1,045.98	-	1,045.98
Natural Resources - Signage	5,700.00	5,700.00	-	5,700.00
	<u>\$ 1,139,987.46</u>	<u>1,139,987.46</u>	<u>314,685.56</u>	<u>825,301.90</u>

CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

Balance December 31, 2019			
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, 2020			
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>

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

<u>Purpose</u>	<u>Balance Dec. 31, 2019</u>	<u>Transferred From Revenues</u>	<u>Received</u>	<u>Balance Dec. 31, 2020</u>
FEDERAL GRANTS:				
CDBG - Disaster Recovery	\$			
Flood Mitigation Grant	2,703,804.00			2,703,804.00
Cops in Shops	2,000.00			2,000.00
Total Federal	2,705,804.00	-	-	2,705,804.00
STATE GRANTS:				
DOT - Reconstruction of 95th Street	84,250.00			84,250.00
DOT - Reconstruction of 95th Street	200,000.00		150,000.00	50,000.00
DOT - Reconstruction of 92nd Street	45,000.00		45,000.00	-
NJ DOT Trust Fund Authority Act		140,904.00		140,904.00
NJ Cooperative Marketing Grant	1,109.75			1,109.75
Total State	330,359.75	140,904.00	195,000.00	276,263.75
LOCAL GRANTS:				
County of Cape May - Streetscape	8,140.00			8,140.00
Garden Club Grant - 96th Street		4,400.00	4,400.00	-
Stone Harbor Property Owners Association Grant		7,000.00	7,000.00	-
ACMJIF Wellness Grant		1,000.00		1,000.00
CMC Open Space Grant-Bikeway	195,000.00		95,953.04	99,046.96
ACMJIF Safety Grant	-	3,650.00	1,500.00	2,150.00
Total Local	203,140.00	16,050.00	108,853.04	110,336.96
	\$ 3,239,303.75	156,954.00	303,853.04	3,092,404.71

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2019		2020		Balance
	Appropriated	Reserve for Encumbrances	Appropriations	Paid or Charged	Dec. 31, 2020
FEDERAL GRANTS:					
Police Body Armor Grant	\$ 1,721.96			1,720.96	1.00
CDBG - Disaster Recovery					
Flood Mitigation Grant	2,703,804.00				2,703,804.00
Cops in Shops	879.44				879.44
Total Federal	2,706,405.40	-	-	1,720.96	2,704,684.44
STATE GRANTS:					
Drunk Driving Enforcement Fund	2,403.44			478.00	1,925.44
Municipal Court Alcohol Grant - Revolving	759.26				759.26
Clean Communities Program	998.16			998.16	-
Clean Communities Program			16,272.95	7,957.74	8,315.21
Municipal Stormwater Grant - 2004	2,171.02				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	14,177.63	160.00		4,972.42	9,365.21
Recycling Tonnage Grant - 2020					12,107.28
NJ DOT - 88th Street					140,904.00
DOT - Reconstruction of 88th Street					-
ADA Improvements - 82nd St		200,000.00		200,000.00	73,668.20
Green Communities	83,090.26			9,422.06	351.47
Total State	110,530.89	351.47	169,284.23	223,828.38	256,498.21

CURRENT FUND
SCHEDULE OF APPROPRIATED RESERVES FOR FEDERAL AND STATE GRANTS

	Balance December 31, 2019		2020		Balance
	Appropriated	Reserve for Encumbrances	Appropriations	Paid or Charged	Dec. 31, 2020
LOCAL GRANTS:					
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	38.26	4,400.00		800.13	3,638.13
CMC Open Space Grant-Bikeway	43,020.92	44,663.08		56,368.08	31,315.92
AMCJIF Safety Grant	1,309.00		3,650.00	1,561.25	3,397.75
Sustainable NJ	1,013.44				1,013.44
Comcast Technology Grant - Revolving	505.00			505.00	-
Donations - Parks	120.29				120.29
Garden Club Grant - 96th Street			4,400.00		4,400.00
Stone Harbor Property Owners Association Grant		4,400.00	7,000.00	4,400.00	7,000.00
ACMJIF- Wellness Grant		800.00	1,000.00	1,624.53	175.47
Donations - Hurricane Sandy	296.35				296.35
Atlantic City Electric - 95th Street		26,435.70		26,435.70	-
Total Local	61,499.61	80,698.78	16,050.00	91,694.69	66,553.70
\$	2,878,435.90	281,210.25	185,334.23	317,244.03	3,027,736.35
			Cash Disbursed	177,958.55	
			Encumbered	139,285.48	
				317,244.03	

CURRENT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED RESERVES

<u>Purpose</u>	<u>Balance</u> Dec. 31, 2019	<u>Transferred</u> <u>to</u> <u>Appropriations</u>	<u>Received</u>	<u>Balance</u> Dec. 31, 2020
STATE GRANTS:				
Recycling Tonnage Grant	\$ 12,107.28	12,107.28		-
Police Body Armor Grant			1,926.89	1,926.89
Supplemental Fire Services Grant	1.00			1.00
Clean Communities	16,272.95	16,272.95	14,673.04	14,673.04
Recreation - US Tennis Association			3,000.00	3,000.00
Garden Club Grant - 96th Street	85.00			85.00
Grand Total	\$ 28,466.23	28,380.23	19,599.93	19,685.93

TRUST FUND
SCHEDULE OF CASH - TREASURER

	<u>Animal Control</u>	<u>Other</u>
Balance December 31, 2019	\$ 844.72	3,252,193.39
Increased By:		
State Dog License Fees	16.20	
Municipal Dog License Fees	32.14	
Due to Current Fund	4.17	
Cat License Fees	5.50	
Due to Current Fund		
Other Reserves		<u>794,527.43</u>
	<u>58.01</u>	<u>794,527.43</u>
	902.73	4,046,720.82

TRUST FUND
SCHEDULE OF CASH - TREASURER

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Sheet 2

	<u>Animal Control</u>	<u>Other</u>
Decreased By:		
Paid to State of NJ	30.60	
Dog Fund Expenditures	-	
Current Fund	227.53	-
Other Reserves		<u>333,183.93</u>
	<u>258.13</u>	<u>333,183.93</u>
Balance December 31, 2020	\$ <u><u>644.60</u></u>	<u><u>3,713,536.89</u></u>

Analysis of December 31, 2020 Balance

Trust - Other	\$	
COAH		3,589,797.24
Police Forfeiture Fund		3,560.16
Preservation Trust Account		116,182.73
Parking Offense Adjudication Account		<u>3,996.76</u>
	\$	<u><u>3,713,536.89</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL
FUND EXPENDITURES

Balance December 31, 2019	\$	605.93
Increased by:		
Dog License Fees Collected	32.14	
Cat License Fees Collected	5.50	
	<hr/>	<hr/>
		37.64
		643.57
Decreased by:		
Statutory Excess Due to Current Fund		
Expenditures under N.J.S.A. 4:19-15.11:		
Cash	<hr/>	<hr/>
		-
Balance December 31, 2020	\$	<hr/> <hr/> 643.57

License Fees Collected

<u>Year</u>	<u>Amount</u>
2019	54.00
2018	66.60
	<hr/>
	<hr/> <hr/> 120.60

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

Balance December 31, 2019	\$		15.60
Increased By:			
Collected in 2020		<u>16.20</u>	
			<u>16.20</u>
			31.80
Decreased By:			
Payments		<u>30.60</u>	
			<u>30.60</u>
Balance December 31, 2020	\$		<u><u>1.20</u></u>

TRUST - OTHER FUNDS
SCHEDULE OF MISCELLANEOUS RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Reserve</u>	Increased by		Decreased by		Balance Dec. 31, 2020
	Balance Dec. 31, 2019	Receipts	Other	Disbursements	Payments made by Current Fund
\$					
Preservation Trust	115,735.62	455.35		8.24	116,182.73
Parking Offenses Adjudication Act	3,959.42	37.34			3,996.76
Developer's Escrow	41,530.81	35,010.00		38,326.90	38,213.91
Developer's Escrow - DVM	5,945.84	33,910.00		17,216.10	22,639.74
Street Opening Deposits	207,664.91	199,160.66		219,746.84	187,078.73
Premiums Received at Tax Sale	20.00				20.00
Off-Duty Police	11,522.46	2,275.00			13,797.46
Health Flex Account	-				-
Forefeited Property	425.00				425.00
Public Defender Fees	1,807.98				1,807.98
Contributions - Bird Sanctuary	12,800.91	2,500.00			15,300.91
Council on Affordable Housing	2,796,815.38	469,821.64		8,145.00	3,258,492.02
Uniform Fire Code - Penalties	1,400.00				1,400.00
Bequests - Memorial Benches	6,035.65	7,050.00		4,763.60	8,322.05
Bequests - Police Equipment	4,738.36				4,738.36
Bequests - 911 Memorial	2,083.37				2,083.37
Bulkhead Escrow	18,170.00	16,593.75		15,107.25	19,656.50
Landscaping Escrow	2,000.00	2,000.00		2,000.00	2,000.00
Grading Escrow	6,110.00	25,200.00		27,870.00	3,440.00
100th Anniversary	7,666.71				7,666.71
Recreation Donations	2,214.50	500.00			2,714.50
Police Forefeiture of Funds	3,546.47	13.69			3,560.16
\$	3,252,193.39	794,527.43	-	333,183.93	3,713,536.89

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

	<u>Ref.</u>	
Balance December 31, 2019		\$ 3,662,478.31
Increased by:		
Budget Appropriations:		
Capital Improvement Fund	600,000.00	
Deferred Charges Unfunded	100,000.00	
Bond Anticipation Notes Issued	2,500,000.00	
Reserve for Back Bay Dredging	345,000.00	
Reserve for Beach Replenishment	345,000.00	
Due from Grant Fund	51,191.31	
Due from Utility Capital	93,711.33	
	<hr/>	<hr/> 4,034,902.64
		7,697,380.95
Decreased by:		
Improvement Authorizations	(128,794.20)	
Encumbrances Payable	3,968,674.06	
Anticipated as a Revenue in Current Fund Budget;		
Reserve for Payment of Bonds	90,842.00	
	<hr/>	<hr/> 3,930,721.86
Balance December 31, 2020		\$ <u><u>3,766,659.09</u></u>

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance Dec. 31, 2019	Receipts		Disbursements		Transfers		Balance Dec. 31, 2020
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From	To	
\$								
Fund Balance	119.76							119.76
Capital Improvement Fund	32,443.00	600,000.00				513,350.00		119,093.00
Contracts Payable	3,968,674.06				3,968,674.06			3,919,824.32
Reserve for Payment of Bonds	270,532.43				90,842.00			179,690.43
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			345,000.00					345,000.00
Reserve for Beach Replenishment			345,000.00					345,000.00
Due from NJ Environmental Infrastructure Trust	(595,381.40)							(595,381.40)
Due from Water and Sewer Capital Fund	(93,711.33)	93,711.33						-
Due from Grant Fund	(51,191.31)	51,191.31						-
Improvement Authorizations:								
1208 Improve Lagoons and Basins	140.00							140.00
1208 Various Improvements				(507.53)				507.53
1249 Various Improvements	53,394.25							53,394.25
1308 Various Improvements	20,945.10			9,027.50		11,507.50		410.10
1332 Various Improvements	8,590.91							8,590.91
1356 Various Improvements	(160,231.68)	70,000.00						(90,231.68)
1390 Various Improvements	(59,762.67)	30,000.00		(423.75)		423.75		(29,762.67)
1398 Various Improvements	65.94							65.94
1417 Various Improvements	17.46							17.46
1436 Various Improvements	(0.63)							(0.63)
1449 Various Improvements	(148,031.00)							(148,031.00)
1455 Various Improvements	(135,360.25)			1,459.96		1,308.14		(138,128.35)
1465 Improvement of Beach Property	4,374.83			(270,800.40)		269,450.89		5,724.34
1477 Various Improvements	98.81							98.81
1478 Various Improvements	84,965.79			(344,650.83)		345,511.38		84,105.24
1486 Beach and Bay Improvements	-			(6,692.68)		6,692.68		-
1495 Various Improvements	48,732.64			(128,121.72)		138,542.52		38,311.84
1517 Various Improvements	1,144,530.55			(348,734.69)		761,922.30		731,342.94
1546 Various Improvements	(994,411.09)		2,500,000.00	831,979.69		1,473,182.65		(799,573.43)
1566 Various Improvements				128,670.25		911,282.51	513,350.00	(526,602.76)
\$	3,662,478.31	844,902.64	3,190,000.00	(128,794.20)	4,059,516.06	4,433,174.32	4,433,174.32	3,766,659.09

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

Balance December 31, 2019		\$	32,443.00
Increased by:			
Current Fund Budget Appropriation	600,000.00		
	<hr/>		<hr/>
			600,000.00
			632,443.00
Decreased by:			
Appropriation to Finance Improvement Authorization	513,350.00		
	<hr/>		<hr/>
			513,350.00
Balance December 31, 2020		\$	<u><u>119,093.00</u></u>

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

	<u>Ref.</u>	
Balance December 31, 2019		\$ 34,457,426.50
Increased by:		
None	-	
	<hr/>	<hr/>
		-
		34,457,426.50
Decreased by:		
Serial Bonds Paid by Operating Budget	2,480,000.00	
NJEIT Loans Paid by Operating Budget	256,969.97	
	<hr/>	<hr/>
		2,736,969.97
Balance December 31, 2020		\$ <u><u>31,720,456.53</u></u>

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

Ord #	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Raised in Budget	Balance Dec. 31, 2020	Analysis of Balance		
						Bond Anticipation Notes	Expenditures	Unexpended Improvement Authorizations
1356	Various Improvements; d. Improve Streets and Locations	\$ 160,231.68		70,000.00	90,231.68		90,231.68	-
1390	Improvement to Water and Sewerage System - General Capital Portion	117,418.37		30,000.00	87,418.37		29,762.67	57,655.70
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		138,128.35	11,871.65
1546	Various Improvements	4,841,181.00			4,841,181.00		3,299,573.43	1,541,607.57
1566	Various Improvements		9,753,650.00		9,753,650.00	2,500,000.00	526,602.76	6,727,047.24
		<u>\$ 5,416,862.68</u>	<u>9,753,650.00</u>	<u>100,000.00</u>	<u>15,070,512.68</u>	<u>2,500,000.00</u>	<u>4,232,329.89</u>	<u>8,338,182.79</u>
						Improvement Authorizations Unfunded		
						Less:		
						Unexpended Proceeds of Bond		
						Anticipation Notes Issued:		
						Ord. Number	(2,500,000.00)	(2,500,000.00)
						1566		\$ 8,338,182.79

**GENERAL CAPITAL FUND
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**

Ord #	Improvement Description	Ord. Date	Amount	Authorizations				
				Balance December 31, 2019		Paid or Charged	Balance December 31, 2020	
				Funded	Unfunded		Funded	Unfunded
1208	Improve Lagoons and Basins	4/6/2004	300,000.00	\$ 140.00			140.00	
1228	Various Improvements	3/1/2005	4,059,000.00			(507.53)	507.53	
1249	Various Improvements: f. Funding Borough's Obligation for Affordable Housing	3/7/2006	2,450,000.00					
1308	Various Improvements b. Improve Borough Buildings and Property	4/1/2008	3,950,000	53,394.25			53,394.25	
1332	Various Improvements d. Purchase Equipment - Various Borough Departments	3/17/2009	2,900,000	20,945.10		20,535.00	410.10	
1390	Improvement to Water and Sewer System - General Capital Portion	10/18/2011	2,600,000		57,655.70	-		57,655.70
1398	Various Improvements	3/6/2012	1,700,000	65.94			65.94	
1417	Various Improvements	3/19/2013	1,050,000	16.83	0.63		16.83	0.63
1455	Various Improvements	3/3/2015	8,493,000	-	14,639.75	2,768.10		11,871.65
1465	Back Bay Dredging	5/15/2015	5,000,000	4,374.83		(1,349.51)	5,724.34	
1477	Various Improvements			98.81			98.81	
1478	Various Improvements b. ADA Improvements/Flood Mitigation c. Purchase equipment/Flag Pole d. Beach and Bay Improvements e. Road Improvements	2/23/2016	1,758,000	9,001.48 4,001.23 71,963.08		(34.54) 759.00 136.09	9,036.02 3,242.23 71,826.99	
1486	Beach and Bay Improvements	11/9/2016	1,500,000			-		-
1495	Various Improvements	3/17/2017	1,857,275	48,732.64		10,420.80	38,311.84	
1509	Public Safety Building- Supp #2	2017	500,000			-		
1517	Various Improvements	2018	6,199,880	1,144,530.55		413,187.61	731,342.94	
1546	Various Improvements	2019	5,395,980		3,846,769.91	2,305,162.34		1,541,607.57
1566	Various Improvements	7/12/1905	10,267,000			1,039,952.76		9,227,047.24
				\$ 1,365,855.65	3,919,065.99	3,791,030.12	922,708.73	10,838,182.79

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

Purpose	Date of Issue	Amount of Original Issue	Maturities of Bonds Outstanding			Interest Rate	Balance Dec. 31, 2019	Decreased	Balance Dec. 31, 2020
			Date	December 31, 2020	Amount				
General Bonds of 2011	11/1/2011	12,750,000	11/01/21	1,225,000.00		3.000%	\$ 5,000,000.00	1,175,000.00	3,825,000.00
			11/01/22	1,275,000.00		3.000%			
			11/01/23	1,325,000.00		3.125%			
General Bonds of 2018	11/1/2018	27,455,000	11/01/21	1,315,000.00		5.000%	26,150,000.00	1,305,000.00	24,845,000.00
			11/01/22	1,320,000.00		5.000%			
			11/01/23	1,365,000.00		5.000%			
			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%			
							\$ 31,150,000.00	2,480,000.00	28,670,000.00

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, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Balance	Outstanding					
			Date	December 31, 2020					
NJEIT 2010B Trust Loan CW - General Capital Portion	12/2/2010	1,013,511	2021	68,822.31	Var.	\$ 768,055.19			699,232.88
			2022	72,760.74					
			2023	72,760.74					
			2024	76,699.16					
			2025	80,637.59					
			2026	80,637.59					
			2027	65,747.19					
			2028	59,076.38					
			2029	59,076.38					
			2030	63,014.80					
NJEIT 2010B Fund Loan CW - General Capital Portion	12/2/2010	358,462	2021	14,719.03	0.000%	117,752.24	14,719.03		103,033.21
			2022	14,719.03					
			2023	14,719.03					
			2024	14,719.03					
			2025	14,719.03					
			2026	14,719.03					
			2027	14,719.03					
NJEIT Spring 2012ABC Trust Loan DW-General Capital	5/3/2012	141,786	2021	9,482.35	Var.	106,136.80	9,482.35		96,654.45
			2022	9,482.35					
			2023	9,482.35					
			2024	9,482.35					
			2025	9,482.35					
			2026	9,482.35					
			2027	9,482.35					
			2028	9,482.35					
			2029	10,507.59					
			2030	5,144.03					
			2031	5,144.03					

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, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Balance	Outstanding					
			Date	December 31, 2020					
NJEIT Spring 2012ABC Trust Loan DW-General Capital	5/3/2012	105,536		Amount	0.000%	31,979.60	3,197.96		28,781.64
			2021	3,197.96					
			2022	3,197.96					
			2023	3,197.96					
			2024	3,197.96					
			2025	3,197.96					
			2026	3,197.96					
			2027	3,197.96					
			2028	3,197.96					
NJEIT 2012A Trust Loan CW-General Capital	5/3/2012	1,070,575	2029	3,197.96					
			2021	66,597.51	Var.	807,728.52	63,856.05		743,872.47
			2022	66,597.51					
			2023	69,338.97					
			2024	72,080.43					
			2025	72,080.43					
			2026	74,821.89					
			2027	77,563.35					
			2028	80,304.81					
			2029	52,087.73					
			2030	54,829.19					
			2031	57,570.65					
NJEIT 2012A Fund Loan CW-General Capital	5/3/2012	493,799	2021	14,108.54	0.000%	139,018.17	14,108.54		124,909.63
			2022	14,108.54					
			2023	14,108.54					
			2024	14,108.54					
			2025	14,108.54					
			2026	14,108.54					
			2027	14,108.54					
			2028	14,108.54					
			2029	12,041.31					

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, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Balance	Outstanding					
			Date	December 31, 2020					
NJEIT 2015 Trust Loan CW-Water/Sewer	5/21/2015	346,667	2021	19,034.00	0.000%	285,510.00	19,034.00		266,476.00
			2022	19,034.00					
			2023	19,034.00					
			2024	19,034.00					
			2025	19,034.00					
			2026	19,034.00					
			2027	19,034.00					
			2028	19,034.00					
			2029	19,034.00					
			2030	19,034.00					
			2031	19,034.00					
			2032	19,034.00					
			2033	19,034.00					
			2034	19,034.00					
NJEIT 2015 Fund Loan CW-Water/Sewer	5/21/2015	1,123,006	2021	53,068.00	Var	867,686.67	38,068.00	(15,000.00)	814,618.67
			2022	53,068.00					
			2023	54,734.67					
			2024	54,734.67					
			2025	56,401.33					
			2026	56,401.33					
			2027	58,068.00					
			2028	58,068.00					
			2029	59,734.67					
			2030	59,734.67					
			2031	61,401.33					
			2032	61,401.33					
			2033	63,068.00					
			2034	64,734.67					

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, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Balance December 31, 2020	Amount					
			Date	Amount					
NJEIT 2015 Trust Loan DW-Water/Sewer	5/21/2015	163,181	2021	7,676.71	Var.	138,484.01	6,010.04	(1,666.67)	130,807.30
			2022	9,343.38					
			2023	9,343.38					
			2024	9,343.38					
			2025	9,343.38					
			2026	9,343.38					
			2027	9,343.38					
			2028	9,343.38					
			2029	9,343.38					
			2030	9,343.38					
			2031	9,343.38					
			2032	9,343.38					
			2033	9,343.38					
			2034	11,010.03					
NJEIT 2015 Fund Loan DW-Water/Sewer	5/21/2015	69,115	2021	3,005.02	0.000%	45,075.30	3,005.02		42,070.28
			2022	3,005.02					
			2023	3,005.02					
			2024	3,005.02					
			2025	3,005.02					
			2026	3,005.02					
			2027	3,005.02					
			2028	3,005.02					
			2029	3,005.02					
			2030	3,005.02					
			2031	3,005.02					
			2032	3,005.02					
			2033	3,005.02					
			2034	3,005.02					
						\$ 3,307,426.50	235,577.19	(21,392.78)	3,050,456.53

**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, 2019	Increased	Balance Dec. 31, 2020
Various Improvements	1546	10/29/2020	10/29/2020	10/29/2021	1.250% \$		2,500,000.00	2,500,000.00
					\$	-	2,500,000.00	2,500,000.00

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

Ordinance Number		Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Raised in Budget	Balance Dec. 31, 2020
1356	Various Improvements:					
	d. Improve Streets and Locations	\$ 160,231.68			70,000.00	90,231.68
1390	Improvement of Water and Sewerage System - General Capital Portion	117,418.37			30,000.00	87,418.37
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	4,841,181.00		2,500,000.00		2,341,181.00
1566	Various Improvements		9,753,650.00			9,753,650.00
		<u>\$ 5,416,862.68</u>	<u>9,753,650.00</u>	<u>2,500,000.00</u>	<u>100,000.00</u>	<u>12,570,512.68</u>

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

	<u>Operating Fund</u>	<u>Capital Fund</u>
Balance December 31, 2019	\$ 1,849,706.59	5,079,185.66
Increased by Receipts:		
Collector	4,171,467.45	
Due from Utility Operating		18,000.00
Due to General Capital		-
Due from Current Fund	5,980.00	
Due to Utility Capital	303,827.00	
NJEIT Loan Receipts		-
Budget Appropriation		-
Bond Anticipation Notes		1,200,000.00
	<u>4,481,274.45</u>	<u>1,218,000.00</u>
	6,330,981.04	6,297,185.66
Decreased by Disbursements:		
Current Year Appropriation	3,703,643.05	
Prior Year Appropriations	64,706.24	
Accrued Interest on Bonds and Notes	412,393.70	
Refund of Prior Year's Revenue		
Miscellaneous Receivables		
Due to Current Fund		
Due to General Capital Fund		93,711.33
Due to Utility Capital	18,000.00	
Due from Utility Operating Fund		303,827.00
Improvement Authorizations		4,130,958.99
	<u>4,198,742.99</u>	<u>4,528,497.32</u>
Balance December 31, 2020	\$ <u><u>2,132,238.05</u></u>	<u><u>1,768,688.34</u></u>

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

	Balance Dec. 31, 2019	Receipts		Disbursements		Transfers		Balance Dec. 31, 2020	
		Miscellaneous	Debt Issued	Improvement Authorizations	Miscellaneous	From			To
Fund Balance	\$	34,616.39						34,616.39	
Capital Improvement Fund		82,575.77						82,575.77	
Encumbrances Payable		3,437,120.82			3,456,627.25		5,105,692.05	5,086,185.62	
Reserve for Payment of Bonds		60,000.00						60,000.00	
Reserve for Insurance Reimbursement		71,505.06						71,505.06	
Due to General Capital Fund		93,711.33			93,711.33			-	
Due to Utility Operating		(18,000.00)	18,000.00		303,827.00			(303,827.00)	
Due from N.J. Environ. Infrastructure Trust		(1,072,934.17)						(1,072,934.17)	
Improvement Authorizations:									
1342	Improvement of the Water and Sewerage System	(75,265.32)		(1,610.00)		1,610.00		(75,265.32)	
1391	Improvement of the Water and Sewerage System	(3,811.63)						(3,811.63)	
1399	Various Improvements								
	b. Water/Sewer Equipment	20,410.67		800.31		837.00		18,773.36	
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								
		2,142.89		(20,963.19)		136,500.00		(113,393.92)	
1437	Various Improvements	(1,818.78)		181.22				(2,000.00)	
	a: Purchase Vehicles	12,106.87		131.26		3,033.39		8,942.22	
	b: Purchase Equipment	29,683.05		263.49				29,419.56	
	c: Upgrade Dewatering Equipment	861.81		861.81				-	
	d: Purchase of Computer Equipment								
1450	Improvement of Water and Sewerage System	117,061.50		33,906.99		41,245.00		41,909.51	
1456	Various Improvements	2,071.91		151.92		190.00		1,729.99	
1479	Various Improvements	(500.00)		(63.39)		409.99		(500.00)	
	a. Acquisition of new equipment	(1,369.50)						(1,716.10)	
	b. Water/Sewer Improvements	(2,551.55)						(2,551.55)	
	c. Acquisition of new computer equip	(10,935.23)		64.77				(11,000.00)	
1480	Various Improvements	1,059,861.45		783,585.25		263,426.20		12,850.00	
1492-17	Various Improvements	391,219.70		223,119.05		835,897.78		(667,797.13)	
1496-17	Various Improvements	(743,041.06)		(114,148.38)		275,022.94		(903,915.62)	
1518-18	Various Improvements	1,594,463.68		(666,381.43)		759,142.72		1,501,702.39	
1547-19	Various Improvements		1,200,000.00	434,432.06		2,788,377.03		(2,022,809.09)	
1567-20	Various Improvements								
\$	5,079,185.66	18,000.00	1,200,000.00	674,331.74	3,854,165.58	5,105,692.05	5,105,692.05	1,768,688.34	

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

	<u>Ref.</u>	
Balance December 31, 2019		\$ -
Increased by Receipts:		
Consumer Accounts Receivable:		
Water & Sewer Rents Collected	3,822,849.57	
Miscellaneous Revenue Anticipated	163,007.91	
Prepaid Rents	16,161.93	
Overpaid Rents	30,888.04	
Miscellaneous	138,560.00	
	<hr/>	<hr/> 4,171,467.45
		4,171,467.45
Payments to Treasurer		<hr/> 4,171,467.45
Balance December 31, 2020		\$ <hr/> <hr/> -

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

	<u>Ref.</u>	
Balance December 31, 2019		\$ 60,625.22
Increased by Receipts:		
Water & Sewer Rents Rents Levied	4,063,874.96	
		<u>4,063,874.96</u>
		4,124,500.18
Decreased by Disbursements:		
Collections	3,822,849.57	
Prepayments & Overpayments Applied	204,565.79	
		<u>4,027,415.36</u>
Balance December 31, 2020		\$ <u><u>97,084.82</u></u>

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

	Balance Dec. 31, 2019	Balance After Transfers	Paid or Charges	Balance Lapsed	Over- Expended
Operating:					
Salaries and Wages	\$ 58,447.30	58,447.30	8,183.25	50,264.05	-
Other Expenses	155,336.93	155,336.93	36,721.56	118,615.37	-
Cape May County MUA	11,105.00	11,105.00		11,105.00	-
Interlocal Agreement - CFO	613.00	613.00		613.00	-
Capital Improvements					
Capital Outlay	72,000.00	72,000.00	19,801.43	52,198.57	-
Statutory Expenditures					
Contribution to:					
Social Security System (O.A.S.I.)	5,810.74	5,810.74		5,810.74	-
Unemployment	357.97	357.97		357.97	-
	<u>303,670.94</u>	<u>303,670.94</u>	<u>64,706.24</u>	<u>238,964.70</u>	<u>-</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, 2019		\$ 129,742.23
Increased by:		
Budget Appropriations:		
Interest on Bonds	63,634.83	
Interest on NJEIT Loans	<u>298,116.77</u>	
		<u>361,751.60</u>
		491,493.83
Decreased By:		
Payments of Debt Service Interest		412,393.70
		<u> </u>
Balance December 31, 2020		\$ <u><u>79,100.13</u></u>

Analysis of Accrued Interest December 31, 2020

	Principal Outstanding December 31, 2020	Interest Rate	From	To	Days	Amount
<u>Serial Bonds and Loans</u>						
	525,000.00	Var.	11/10/2020	12/31/2020	52	2,275.00
	323,215.54	0.00%	8/1/2020	12/31/2020	153	-
	379,000.00	5.00%	8/1/2020	12/31/2020	153	8,053.75
	736,507.24	0.00%	8/1/2020	12/31/2020	153	-
	422,000.00	Var.	8/1/2020	12/31/2020	153	7,317.48
	78,240.44	0.00%	8/1/2020	12/31/2020	153	-
	121,231.82	Var.	8/1/2020	12/31/2020	153	1,763.13
	102,906.35	0.00%	8/1/2020	12/31/2020	153	-
	612,836.49	Var.	8/1/2020	12/31/2020	153	7,144.04
	111,097.26	0.00%	8/1/2020	12/31/2020	153	-
	373,086.05	Var.	8/1/2020	12/31/2020	153	2,536.99
	200,000.01	0.00%	8/1/2020	12/31/2020	153	-
	1,629,237.33	Var.	8/1/2020	12/31/2020	153	10,137.11
	84,140.56	0.00%	8/1/2020	12/31/2020	153	-
	261,614.51	Var.	8/1/2020	12/31/2020	153	1,641.11
	15,355,173.00	1.25%	10/22/2020	12/31/2020	71	36,854.77
	<u>21,315,286.60</u>					<u>77,723.38</u>

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

Ord #	Improvement Description	Amount	Balance December 31, 2019		Deferred Charges to Future Revenue	Prior Encumbrances Cancelled	Paid or Charged	Balance December 31, 2020	
			Funded	Unfunded				Funded	Unfunded
1342	Improvement of the Water and Sewerage System	3,000,000 \$				(1,610.00)	1,610.00		-
1399	Various Improvements b. Water/Sewer Equipment	750,000		20,410.67			1,637.31		18,773.36
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		125,642.89		(28,500.00)	144,036.81		10,106.08
1437	Various Improvements a: Purchase Vehicles b: Various Equipment c: Upgrade Dewatering System d: Purchase of Computer Equipment	242,000 120,000 242,000 16,000		181.22 12,106.87 31,683.05 861.81		(4,044.00) (11,248.00)	181.22 7,208.65 11,511.49 861.81		- 8,942.22 31,419.56 -
1450	Improvement of Water and Sewerage System	4,000,000	41,368.50	75,693.00			75,151.99		41,909.51
1456	Various Improvements	366,000		99,071.91			341.92		98,729.99
1479	Various Improvements b. Water/Sewer Improvements c. Acquisition of new computer equip	518,200.00 3,300.00		17,539.25 39.70		(708.75)	1,055.35		16,483.90 748.45
1480	Various Improvements	1,300,000.00		64.77			64.77		-
1492-17	Various Improvements	1,500,000.00		1,059,861.45		(227,090.00)	1,274,101.45		12,850.00
1496-17	Various Improvements	3,310,000.00		1,144,719.70		(1,539,393.86)	2,598,410.69		85,702.87
1518-18	Various Improvements	2,164,000		420,958.94		(393,523.33)	554,397.89		260,084.38
1547-19	Various Improvements	4,753,175		2,347,638.68		(1,250,509.32)	1,343,270.61		2,254,877.39
1567-20	Various Improvements	4,356,000			4,356,000.00		3,222,809.09		1,133,190.91
		\$	41,368.50	5,356,473.91	4,356,000.00	(3,456,627.26)	9,236,651.05	-	3,973,818.62

**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, 2019	Decreased	Balance Dec. 31, 2020
			Date	Amount	Dec. 31, 2020				
Water & Sewer Utility Bonds of 2011	11/1/2011	1,620,000	11/01/21	170,000.00		3.000%	\$ 685,000.00	160,000.00	525,000.00
			11/01/22	175,000.00		3.000%			
			11/01/23	180,000.00		3.125%			
Refunding Bond of 2006 Bonds	3/10/2016	1,445,000					365,000.00	365,000.00	-
							<u>\$ 1,050,000.00</u>	<u>525,000.00</u>	<u>525,000.00</u>
							<u>\$ 1,050,000.00</u>	<u>525,000.00</u>	<u>525,000.00</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		Interest Rate	Balance Dec. 31, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Date	Outstanding December 31, 2020 Amount					
NJEIT 2007A Trust Loan	11/8/2007	920,000.00	2021	48,000.00	5.00% \$	423,000.00	44,000.00		379,000.00
			2022	48,000.00	5.00%				
			2023	53,000.00	4.25%				
			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	2021	47,275.50		368,643.79	45,354.25	(74.00)	323,215.54
			2022	45,532.13					
			2023	46,977.16					
			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	707,506.00	2021	42,000.00	Var.	490,000.00	43,000.00	(25,000.00)	422,000.00
			2022	43,000.00					
			2023	43,000.00					
			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	2,023,865.00	2021	120,689.79	0.000%	857,197.03	120,689.79		736,507.24
			2022	120,689.79					
			2023	120,689.79					
			2024	120,689.79					
			2025	120,689.79					
			2026	61,694.29					
			2027	23,787.96					
			2028	23,787.96					
			2029	23,788.08					

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		Interest Rate	Balance Dec. 31, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Date	Outstanding December 31, 2020 Amount					
NJEIT 2010B Trust Loan CW - Water/Sewer Portion 21.2314927%	12/2/2010	273,203.37	2021	9,341.86	Var.	207,023.84	9,341.86	(76,450.16)	121,231.82
			2022	10,191.12					
			2023	10,403.43					
			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					
NJEIT 2010B Fund Loan CW - Water/Sewer Portion 21.2314927%	12/2/2010	111,087.48	2021	11,902.23	0.00%	31,739.28	11,902.23	58,403.39	78,240.44
			2022	11,902.23					
			2023	11,902.23					
			2024	11,902.23					
			2025	11,902.23					
			2026	11,902.23					
			2027	6,827.06					
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	728,304.13	2021	36,601.85	Var.	409,687.90	36,601.85		373,086.05
			2022	36,601.85					
			2023	36,601.85					
			2024	36,601.85					
			2025	36,601.85					
			2026	36,601.85					
			2027	36,601.85					
			2028	36,601.85					
			2029	40,559.31					
			2030	19,855.97					
			2031	19,855.97					

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		Interest Rate	Balance Dec. 31, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Date	Outstanding December 31, 2020 Amount					
NJEIT Spring 2012ABC Trust Loan DW-Water/Sewer 79.4238650%	5/3/2012	226,358.02	2021	12,344.14	0.000%	123,441.40	12,344.14		111,097.26
			2022	12,344.14					
			2023	12,344.14					
			2024	12,344.14					
			2025	12,344.14					
			2026	12,344.14					
			2027	12,344.14					
			2028	12,344.14					
			2029	12,344.14					
NJEIT 2012A Trust Loan CW-Water/Sewer 45.1708140%	5/3/2012	906,832.75	2021	54,866.11	Var.	665,444.06	52,607.57		612,836.49
			2022	54,866.11					
			2023	57,124.65					
			2024	59,383.19					
			2025	59,383.19					
			2026	61,641.73					
			2027	63,900.27					
			2028	66,158.81					
			2029	42,912.27					
			2030	45,170.81					
			2031	47,429.35					
NJEIT 2012A Fund Loan CW-Water/Sewer 45.1708140%	5/3/2012	406,814.50	2021	11,623.27	0.000%	114,529.62	11,623.27		102,906.35
			2022	11,623.27					
			2023	11,623.27					
			2024	11,623.27					
			2025	11,623.27					
			2026	11,623.27					
			2027	11,623.27					
			2028	11,623.27					
			2029	9,920.19					

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		Interest Rate	Balance Dec. 31, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Date	Outstanding December 31, 2020 Amount					
NJEIT 2015 Trust Loan CW-Water/Sewer 66.6666667%	5/21/2015	2,063,781	2021	106,136.00	Var.	1,735,373.33	76,136.00	(30,000.00)	1,629,237.33
			2022	106,136.00					
			2023	109,469.33					
			2024	109,469.33					
			2025	112,802.67					
			2026	112,802.67					
			2027	116,136.00					
			2028	116,136.00					
			2029	119,469.33					
			2030	119,469.33					
			2031	122,802.67					
			2032	122,802.67					
			2033	126,136.00					
			2034	129,469.33					
NJEIT 2015 Fund Loan CW-Water/Sewer 66.6666600%	5/21/2015	1,522,720	2021	38,068.00	0.000%	238,068.01	38,068.00		200,000.01
			2022	38,068.00					
			2023	38,068.00					
			2024	38,068.00					
			2025	38,068.00					
			2026	9,660.01					
NJEIT 2015 Trust Loan DW-Water/Sewer 66.6666667%	5/21/2015	326,362	2021	15,353.42	Var.	276,967.93	12,020.09	(3,333.33)	261,614.51
			2022	18,686.75					
			2023	18,686.75					
			2024	18,686.75					
			2025	18,686.75					
			2026	18,686.75					
			2027	18,686.75					
			2028	18,686.75					
			2029	18,686.75					
			2030	18,686.75					
			2031	18,686.75					
			2032	18,686.75					
			2033	18,686.75					
			2034	22,020.09					

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				Interest Rate	Balance Dec. 31, 2019	Decreased	Cancelled	Balance Dec. 31, 2020
			Outstanding		Amount	Date					
			December 31, 2020								
NJEIT 2015 Fund Loan DW-Water/Sewer	5/21/2015	354,593			6,010.04	2021	0.000%	90,150.60	6,010.04		84,140.56
					6,010.04	2022					
					6,010.04	2023					
					6,010.04	2024					
					6,010.04	2025					
					6,010.04	2026					
					6,010.04	2027					
					6,010.04	2028					
					6,010.04	2029					
					6,010.04	2030					
					6,010.04	2031					
					6,010.04	2032					
					6,010.04	2033					
					6,010.04	2034					
								\$ 6,031,266.79	519,699.09	(76,454.10)	5,435,113.60

**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, 2019	Dec. 31, 2020
Improvement of the Water and Sewerage System	1342	11/5/2015	10/22/2019	10/30/2020	2.250% \$	96,827.00	-
Improvement of the Water and Sewerage System	1391	11/5/2015	11/2/2018	11/2/2019	2.250%	483,480.00	-
		11/5/2015	10/22/2020	10/29/2021	1.250%	433,480.00	433,480.00
Various Improvements	1399						
a. Water Tower Rehabilitation		11/5/2015	10/22/2019	10/30/2020	2.250%	509,000.00	-
b. Water/Sewer Equipment		11/5/2015	10/22/2019	10/30/2020	2.250%	91,200.00	-
c. Wells Reconstruction		11/5/2015	10/22/2019	10/30/2020	2.250%	58,300.00	-
a. Water Tower Rehabilitation		11/5/2015	10/22/2020	10/29/2021	1.250%	494,000.00	494,000.00
b. Water/Sewer Equipment		11/5/2015	10/22/2020	10/29/2021	1.250%	88,300.00	88,300.00
c. Wells Reconstruction		11/5/2015	10/22/2020	10/29/2021	1.250%	56,700.00	56,700.00
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	10/22/2019	10/30/2020	2.250%	1,462,000.00	-
		11/5/2015	10/22/2020	10/29/2021	1.250%	1,443,000.00	1,443,000.00
Various Improvements	1437						
a: Purchase Vehicles		11/5/2015	10/22/2019	10/30/2020	2.250%	216,800.00	-
b: Various Equipment		11/5/2015	10/22/2019	10/30/2020	2.250%	108,000.00	-
c: Upgrade Dewatering System		11/5/2015	10/22/2019	10/30/2020	2.250%	216,800.00	-
d: Purchase of Computer Equipment		11/5/2015	10/22/2019	10/30/2020	2.250%	14,400.00	-
a: Purchase Vehicles		11/5/2015	10/22/2020	10/29/2021	1.250%	205,200.00	205,200.00
b: Various Equipment		11/5/2015	10/22/2020	10/29/2021	1.250%	102,000.00	102,000.00
c: Upgrade Dewatering System		11/5/2015	10/22/2020	10/29/2021	1.250%	205,200.00	205,200.00
d: Purchase of Computer Equipment		11/5/2015	10/22/2020	10/29/2021	1.250%	13,600.00	13,600.00
Various Improvements	1450	11/5/2015	10/22/2019	10/30/2020	2.250%	75,693.00	-
		11/5/2015	10/22/2020	10/29/2021	1.250%	74,693.00	74,693.00
Various Improvements	1480	11/3/2016	10/22/2019	10/30/2020	2.250%	1,289,000.00	-
		11/3/2016	10/22/2020	10/29/2021	1.250%	1,272,000.00	1,272,000.00
Various Improvements	1456	11/2/2017	10/22/2019	10/30/2020	2.250%	250,000.00	-
		11/2/2017	10/22/2020	10/29/2021	1.250%	244,000.00	244,000.00

**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, 2019	Increased	Decreased	Balance Dec. 31, 2020
Various Improvements	1479								
a. Acquisition of new equipment		11/2/2017	10/22/2019	10/30/2020	2.250%	31,000.00		31,000.00	-
b. Water/Sewer Improvements		11/2/2017	10/22/2019	10/30/2020	2.250%	500,000.00		500,000.00	-
a. Acquisition of new equipment		11/2/2017	10/22/2020	10/29/2021	1.250%		30,500.00		30,500.00
b. Water/Sewer Improvements		11/2/2017	10/22/2020	10/29/2021	1.250%		493,000.00		493,000.00
Various Improvements	1492-17	11/2/2017	10/22/2019	10/30/2020	2.250%	1,500,000.00		1,500,000.00	-
		11/2/2017	10/22/2020	10/29/2021	1.250%		1,480,000.00		1,480,000.00
Various Improvements	1496-17	11/2/2017	10/22/2019	10/30/2020	2.250%	2,556,500.00		2,556,500.00	-
		11/2/2017	10/22/2020	10/29/2021	1.250%		2,519,500.00		2,519,500.00
Various Improvements	1518-18	10/31/2019	10/22/2019	10/30/2020	2.250%	1,000,000.00		1,000,000.00	-
		10/31/2019	10/22/2020	10/29/2021	1.250%		1,000,000.00		1,000,000.00
Various Improvements	1547-18	10/31/2019	10/22/2019	10/30/2020	2.250%	4,000,000.00		4,000,000.00	-
		10/31/2019	10/22/2020	10/29/2021	1.250%		4,000,000.00		4,000,000.00
Various Improvements	1567	10/29/2020	10/22/2020	10/29/2021	1.250%		1,200,000.00		1,200,000.00
						<u>\$ 14,459,000.00</u>	<u>15,355,173.00</u>	<u>14,459,000.00</u>	<u>15,355,173.00</u>
						Paid by Budget Appropriation		303,827.00	
						Re-Issued		14,155,173.00	
								<u>14,459,000.00</u>	

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

Ordinance Number	Improvement Description	Balance Dec. 31, 2019	2020 Authorizations	Debt Issued	Other	Balance Dec. 31, 2020
1342	Improvement of the Water and Sewerage System	\$ 75,265.32				75,265.32
1391	Improvement of the Water and Sewerage System	3,811.63				3,811.63
1418	Various Improvements	123,500.00				123,500.00
1437	Various Improvements					
	a: Purchase Vehicles	2,000.00				2,000.00
	c: Upgrade Dewatering System	2,000.00				2,000.00
1456	Various Improvements	97,000.00				97,000.00
1480	Various Improvements	11,000.00				11,000.00
1479	Various Improvements					
	a. Acquisition of new equipment	500.00				500.00
	b. Water/Sewer Improvements	18,200.00				18,200.00
	c. Acquisition of new computer equip	3,300.00				3,300.00
1496-17	Various Improvements	753,500.00				753,500.00
1518-18	Various Improvements	1,164,000.00				1,164,000.00
1547-19	Various Improvements	753,175.00				753,175.00
1567-20	Various Improvements		4,356,000.00	1,200,000.00		3,156,000.00
		<u>\$ 3,007,251.95</u>	<u>4,356,000.00</u>	<u>1,200,000.00</u>	<u>-</u>	<u>6,163,251.95</u>

BOROUGH OF STONE HARBOR

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2020

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:

Underground Utility Portion-94th Street Sanitary Sewer Pump Station
Use of Beach Strand for Hotel/Motel Storage Sheds
Water Meter Replacement Project
2020 Utility Road Program

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 2020.

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

Delinquent Taxes and Tax Title Liens

The Tax sale was held on September 2, 2020 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>
2020	1
2019	1
2018	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 2021 and 2020 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>
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%
2017	24,721,438	24,623,112	99.13%
2016	23,847,929	23,647,725	99.16%
2015	23,350,101	23,134,979	99.07%

Comparative Schedule of Tax Rate Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Tax Rate	0.610	0.573	0.552	0.555	0.535
Apportionment of Tax Rate:					
Municipal	0.268	0.251	0.246	0.245	0.239
County	0.288	0.268	0.253	0.254	0.240
Local School	0.054	0.054	0.053	0.056	0.056
Assessed Valuation	4,886,630,900	4,845,843,200	4,828,103,400	4,454,313,088	4,454,313,088

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>
2020	\$	335	216,699	217,034	0.72%
2019		279	123,720	123,999	0.45%
2018		227	130,827	131,054	0.49%
2017		65	208,830	208,895	0.84%
2016		-	186,736	186,736	0.78%
2015		-	142,721	142,721	0.61%

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

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

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

Very truly yours,

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

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

July 9, 2021