

BOROUGH OF SEA GIRT
COUNTY OF MONMOUTH
DECEMBER 31, 2022

ROBERT A. HULSART AND COMPANY
Certified Public Accountants

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BOROUGH OF SEA GIRT

COUNTY OF MONMOUTH

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BOROUGH OF SEA GIRT

COUNTY OF MONMOUTH

PART I

AUDITOR'S REPORT ON THE BOROUGH'S FINANCIAL STATEMENTS,

FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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1.

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of Borough Council
Borough of Sea Girt
County of Monmouth
Sea Girt, New Jersey 08750

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying balance sheets - regulatory basis of the various funds and account group of the Borough of Sea Girt (the "Borough"), as of December 31, 2022 and 2021, the related statement of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Borough's basis financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of each fund and account group of the Borough as of December 31, 2022 and 2021, and the results of operations and changes in fund balance, where applicable, of such funds and account group, thereof for the years then ended in accordance with the accounting practices prescribed or permitted, as described in Note 1, by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division").

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying 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 and account group of the Borough as of December 31, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed or permitted by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Division's regulatory basis of accounting and the budget laws 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

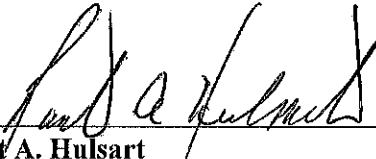
Our audit was conducted for the purpose of forming opinions on the financial statements of the various funds and account group that collectively comprise the Borough's financial statements. The supplementary data schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the various fund and account group financial statements. The information has been subjected to the auditing procedures applied in the audit of the various fund and account group financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various fund and account group financial statements or to the various fund and account group financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary data schedules are fairly stated, in all material respects, in relation to the various fund and account group financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of the Borough's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the affection of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



Robert A. Hulsart
Certified Public Accountant
Registered Municipal Accountant
R.M.A. Number 158
Wall Township, New Jersey

September 25, 2023

BOROUGH OF SEA GIRT- COUNTY OF MONMOUTH**BALANCE SHEET - CURRENT FUND****Exhibit A
Sheet 1 of 2****REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Cash	A-4	\$ 7,279,658.96	6,091,377.68
Due From State of New Jersey-Senior Citizens and Veterans Deductions	A-6	4,760.90	4,885.90
		<u>7,284,419.86</u>	<u>6,096,263.58</u>
Receivables with Full Reserves:			
Property Taxes Receivable	A-5	99,742.54	131,390.79
Third Party Liens	A-7	660.15	475.69
Revenue Accounts Receivable	A-8	6,663.38	1,239.51
	Contra	<u>107,066.07</u>	<u>133,105.99</u>
Total Current Fund		<u>7,391,485.93</u>	<u>6,229,369.57</u>
<u>Federal and State Grant Fund</u>			
Cash	A-4	305,346.16	219,296.82
Grants Receivable	A-14	196,022.61	196,022.61
		<u>501,368.77</u>	<u>415,319.43</u>
Total Assets		<u>\$ 7,892,854.70</u>	<u>6,644,689.00</u>

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

BOROUGH OF SEA GIRT- COUNTY OF MONMOUTH**BALANCE SHEET - CURRENT FUND****REGULATORY BASIS****DECEMBER 31,****Exhibit A
Sheet 2 of 2**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves and Fund Balance</u>			
Liabilities:			
Appropriation Reserves	A-3	\$ 1,355,777.21	1,459,949.47
Encumbrances	A-3-11	215,220.90	185,699.86
Prepaid Taxes	A-4	270,136.49	340,823.08
Due State of New Jersey	A	18,774.00	16,248.00
Added Taxes Due County	A-12	64,677.16	64,060.29
Various Reserves	A-9	945,742.40	251,568.80
Payroll Taxes	A-2,4	67,052.28	68,248.59
Accounts Payables	A-4	22,746.17	
School Taxes	A-13	1,539,320.26	1,496,629.74
Total Liabilities		4,499,446.87	3,883,227.83
Reserve for Receivables	Contra	107,066.07	133,105.99
Fund Balance	A-1	2,784,972.99	2,213,035.75
Total Current Fund		7,391,485.93	6,229,369.57
<u>Federal and State Grant Fund</u>			
Appropriation Reserves	A-15	102,882.43	110,347.70
Interfund General Capital	C	185,628.81	185,628.81
Unappropriated	A-16	212,857.53	119,342.92
		501,368.77	415,319.43
Total Liabilities, Reserves and Fund Balance		\$ 7,892,854.70	6,644,689.00

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

STATEMENT OF OPERATIONS AND CHANGE**IN FUND BALANCE - CURRENT FUND****REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 1,100,000.00	1,725,000.00
Miscellaneous Revenue Anticipated	A-2	1,003,924.69	820,428.07
Receipts from Current Taxes	A-2	17,702,209.04	16,860,053.62
Receipts from Delinquent Taxes	A-2	130,813.75	113,524.80
Non-Budget Revenue	A-2	107,091.27	252,154.35
Other Credits to Income:			
Prior Year Adjustments			1,118.39
Appropriations Cancelled	A-3	1,435.13	1,046.65
Appropriation Reserves Lapsed	A-10	827,189.32	558,449.79
Total Revenues		<u>20,872,663.20</u>	<u>20,331,775.67</u>
<u>Expenditures</u>			
Budget Appropriations:			
Within Caps:			
Operations:			
Salaries and Wages	A-3	2,567,200.00	2,647,212.50
Other Expenses	A-3	2,381,835.00	2,334,769.00
Deferred Charges and Statutory Expenditures	A-3	747,075.00	777,190.00
Excluded from Caps:			
Operations:			
Salaries and Wages	A-3	138,400.00	75,000.00
Other Expenses	A-3	1,147,723.88	1,102,716.53
Capital Improvements	A-3	100,000.00	200,000.00
Debt Service	A-3	566,558.98	787,151.00
County Taxes	A-12	6,704,272.30	6,431,112.71
Other		2,623.80	-
Local District School Taxes	A-13	4,845,037.00	4,759,655.00
Total Expenditures		<u>19,200,725.96</u>	<u>19,114,806.74</u>

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

STATEMENT OF OPERATIONS AND CHANGE**IN FUND BALANCE - CURRENT FUND****REGULATORY BASIS****DECEMBER 31**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
Excess in Revenue		1,671,937.24	1,216,968.93
Fund Balance January 1	A	2,213,035.75	2,721,066.82
		3,884,972.99	3,938,035.75
Decreased by:			
Utilized as Anticipated Revenue	A-2	1,100,000.00	1,725,000.00
Fund Balance December 31	A	<u>\$ 2,784,972.99</u>	<u>2,213,035.75</u>

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

CURRENT FUNDSTATEMENT OF REVENUES - DECEMBER 31, 2022Exhibit A-2
Sheet 1 of 2REGULATORY BASIS

	<u>Ref.</u>	<u>Anticipated Revenue</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Surplus Anticipated	A-1	<u>\$ 1,100,000.00</u>	<u>1,100,000.00</u>	
Miscellaneous Revenue:				
Licenses:				
Alcoholic Beverages	A-8	7,000.00	10,663.94	3,663.94
Other	A-8	60,000.00	79,069.56	19,069.56
Fines and Costs:				
Municipal Court	A-8	50,000.00	167,117.40	117,117.40
Interest and Costs on Taxes	A-4	30,000.00	30,895.58	895.58
Interest on Investments	A-8	20,000.00	129,853.44	109,853.44
Anticipated Utility Operating Surplus	A-8	31,250.00	31,250.00	-
Zoning Permits	A-8	30,000.00	72,910.54	42,910.54
Energy Receipts Tax (P.L. 1997, Chapter 162 & 167)	A-8	196,340.00	196,340.00	-
Uniform Construction Code Fees	A-8	95,000.00	172,994.00	77,994.00
Brielle Fire Bureau-Code Enforcement	A-8	42,250.00	47,787.50	5,537.50
Spring Lake-Code Enforcement	A-8	30,000.00	30,000.00	-
Clean Communities	A-15	7,801.97	7,801.97	-
Drunk Driving Enforcement	A-15	19,305.00	19,305.00	-
Body Armor	A-15	935.76	935.76	-
Distracted Driving	A-15	7,000.00	7,000.00	-
Total Miscellaneous Revenues	A-1	<u>626,882.73</u>	<u>1,003,924.69</u>	<u>377,041.96</u>
Receipts From Delinquent Taxes	A-1	<u>127,500.00</u>	<u>130,813.75</u>	<u>3,313.75</u>
Amount to be Raised by Local Taxes for Support of Municipal Budget		<u>6,122,886.14</u>	<u>6,481,375.75</u>	<u>358,489.61</u>
Total General Revenues		<u>\$ 7,977,268.87</u>	<u>8,716,114.19</u>	<u>738,845.32</u>
Non-Budget Revenue			<u>107,091.27</u>	
			<u>\$ 8,823,205.46</u>	

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

CURRENT FUND

STATEMENT OF REVENUES - DECEMBER 31, 2022

Exhibit A-2

Sheet 2 of 2

REGULATORY BASIS

	<u>Ref.</u>	
<u>Current Tax Collections</u>		
Allocation of Current Collections:		
Revenue from Collections	A-5	\$17,702,209.04
Less: Allocated to School and County Taxes	A-5	<u>11,549,309.30</u>
		6,152,899.74
Add: Appropriation "Reserve for Uncollected Taxes"	A-3	<u>328,476.01</u>
		<u>\$ 6,481,375.75</u>
 <u>Miscellaneous Revenue Not Anticipated</u>		
Revenue Accounts Receivable	A-8	<u>\$ 107,091.27</u>

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

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2022

REGULATORY BASIS

GENERAL GOVERNMENT

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Administrative and Executive					
Salaries and Wages	\$ 63,225.00	63,225.00	63,225.00	-	
Other Expenses	7,150.00	7,150.00	5,432.00	1,718.00	
Mayor and Council					
Salaries and Wages	8,700.00	8,700.00	8,570.91	129.09	
Other Expenses	650.00	650.00	646.00	4.00	
Municipal Clerk					
Salaries and Wages	58,650.00	58,650.00	58,630.05	19.95	
Other Expenses	74,700.00	74,700.00	67,182.33	7,517.67	
Financial Administration					
Salaries and Wages	19,450.00	19,450.00	17,156.25	2,293.75	
Other Expenses	5,000.00	5,000.00	1,771.44	3,228.56	
Auditing Services					
Other Expenses	15,000.00	15,000.00	15,000.00	-	
Tax Assessment Administration					
Salaries and Wages					
Other Expenses	15,400.00	15,400.00	9,164.30	6,235.70	
Revenue Administration - Tax Collector					
Salaries and Wages	30,350.00	30,350.00	28,014.75	2,335.25	
Other Expenses	4,550.00	4,550.00	4,195.00	355.00	
Legal Services					
Other Expenses	250,000.00	250,000.00	66,867.67	183,132.33	
Engineering Services					
Other Expenses	60,000.00	60,000.00	28,351.25	31,648.75	

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

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2022

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Land Use Administration</u>					
Planning Board					
Salaries and Wages	3,500.00	3,500.00	3,499.96	0.04	
Other Expenses	31,300.00	31,300.00	26,721.65	4,578.35	
<u>Insurance</u>					
Group Plan for Employees	560,000.00	560,000.00	461,723.38	98,276.62	
Group Plan for Employees-Opt Out Payments	18,000.00	18,000.00	18,000.00	-	
General Liability	70,700.00	70,700.00	70,700.00	-	
Insurance - Other	136,800.00	136,800.00	135,496.40	1,303.60	
<u>Public Safety</u>					
Police					
Salaries and Wages	1,456,000.00	1,456,000.00	1,367,556.86	88,443.14	
Other Expenses	115,610.00	115,610.00	115,264.01	345.99	
County of Monmouth-911 Services				-	
Other Expenses				-	
Office of Emergency Management					
Salaries and Wages	4,825.00	4,825.00	3,310.75	1,514.25	
Other Expenses	129,300.00	129,300.00	106,114.22	23,185.78	
First Aid Organization					
Other Expenses	35,000.00	35,000.00	35,000.00	-	
Fire Department					
Other Expenses	42,550.00	42,050.00	40,018.53	2,031.47	
Municipal Court					
Salaries and Wages	20,500.00	20,500.00	20,000.00	500.00	
Other Expenses	34,175.00	34,175.00	20,699.06	13,475.94	
Public Defender					
Salaries and Wages	2,500.00	2,500.00	750.00	1,750.00	

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

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2022

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Public Works</u>					
Other Public Works Functions					
Salaries and Wages	730,750.00	705,750.00	652,933.17	52,816.83	
Other Expenses	141,750.00	134,250.00	97,488.98	36,761.02	
Vehicle Maintenance					
Salaries and Wages	42,175.00	42,175.00	41,145.56	1,029.44	
Other Expenses	45,000.00	52,500.00	50,065.41	2,434.59	
Public Buildings					
Other Expenses	55,000.00	55,000.00	41,197.60	13,802.40	
Shade Tree Commission					
Other Expenses	30,000.00	30,000.00	28,947.93	1,052.07	
Property Maintenance					
Salaries and Wages	85,725.00	85,725.00	85,718.02	6.98	
Other Expenses	19,000.00	19,000.00	16,770.54	2,229.46	
<u>Health and Human Services</u>					
Public Health Priorities Funding Act of 1977					
Other Expenses	41,750.00	41,750.00	37,066.84	4,683.16	
<u>Parks and Recreation</u>					
Board of Recreation Commissioners					
Salaries and Wages	27,700.00	27,700.00	27,675.00	25.00	
Other Expenses	9,000.00	9,000.00	8,986.78	13.22	
Accumulated Leave Compensation					
Salaries and Wages	50,000.00	50,000.00	50,000.00	-	
Snow Removal					
Salaries and Wages	20,000.00	20,000.00		20,000.00	
Other Expenses	10,000.00	10,000.00	10,000.00	-	

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

CURRENT FUNDSTATEMENT OF EXPENDITURES - DECEMBER 31, 2022REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Celebration of Public Events, Anniversary or Holiday	3,000.00	3,000.00	1,485.09	1,514.91	
Other Expenses					
Utility Expenses and Bulk Purchases:					
Electricity	40,000.00	40,000.00	20,000.00	20,000.00	
Street Lighting	32,500.00	32,500.00	31,000.00	1,500.00	
Telephone	35,900.00	35,900.00	19,552.07	16,347.93	
Water	20,000.00	20,000.00	3,253.50	16,746.50	
Gas-Natural	15,000.00	15,000.00	15,000.00	-	
Gasoline	81,050.00	106,550.00	101,021.24	5,528.76	
Landfill/Solid Waste Disposal Costs-Tipping Fees	100,000.00	100,000.00	84,637.73	15,362.27	
<u>Uniform Construction Code - Appropriations</u>					
<u>Offset by Dedicated Revenues (N.J.A.C. 5:23-4.17)</u>					
Unclassified:					
Life Hazard Fire Safety Fees:					
Code Official	18,150.00	18,150.00	17,523.00	627.00	
Salaries and Wages	12,000.00	12,000.00	2,611.71	9,388.29	
Other Expenses					
Total Operations Within Caps	4,939,035.00	4,939,035.00	4,243,141.94	695,893.06	-
Contingent	10,000.00	10,000.00	266.78	9,733.22	
Total Operations Including Contingent Within "Caps"	4,949,035.00	4,949,035.00	4,243,408.72	705,626.28	

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

CURRENT FUNDSTATEMENT OF EXPENDITURES - DECEMBER 31, 2022REGULATORY BASIS

	Budget	Budget After Modification	Paid or Charged	Reserved	Cancelled
<u>Deferred Charges and Statutory Expenditures - Municipal Within "Caps"</u>					
Statutory Expenditures:					
Contribution to:					
Public Employees Retirement System	246,459.00	246,459.00	246,459.00	-	
Police & Firemen's Retirement System	363,866.00	363,866.00	363,866.00	-	
Social Security System (O.A.S.I.)	130,000.00	130,000.00	117,483.70	12,516.30	
Unemployment Insurance	250.00	250.00		250.00	
Defined Contribution Retirement Program	6,500.00	6,500.00	1,431.09	5,068.91	
Total Deferred Charges and Statutory Expenditures	747,075.00	747,075.00	729,239.79	17,835.21	
Total General Appropriations for Municipal Purposes Within Caps	5,696,110.00	5,696,110.00	4,972,648.51	723,461.49	-
<u>Operations Excluded from "Caps"</u>					
L.O.S.A.P. - Contribution	7,000.00	7,000.00	5,400.00	1,600.00	
Total Operations Excluded from "Caps"	7,000.00	7,000.00	5,400.00	1,600.00	-
<u>Interlocal Municipal Service Agreements</u>					
Borough of Manasquan					
CFO	25,000.00	25,000.00	25,000.00	-	
Community Alliance for Drugs and Alcohol	6,220.00	6,220.00	4,627.47	1,592.53	
Wall Township - Municipal Court Services	75,000.00	72,540.52	67,117.00	5,423.52	
Borough of Spring Lake - Construction Office	86,000.00	88,459.48	88,459.48	-	
Township of Aberdeen - Assessor	20,274.23	20,274.23	20,274.00	0.23	
Borough of Freehold - Information Technology	25,000.00	25,000.00	24,624.00	376.00	
County of Monmouth-Dispatch Services	95,000.00	95,000.00	94,326.00	674.00	
Total Interlocal Municipal Service Agreements	332,494.23	332,494.23	324,427.95	8,066.28	-

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

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2022

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
<u>Additional Appropriations Offset By Revenues</u>					
Participation in Free Library					
Salaries and Wages	138,400.00	138,400.00	134,252.28	4,147.72	
Other Expenses	773,186.92	773,186.92	154,685.30	618,501.62	
Total Additional Appropriations Offset By Revenues	911,586.92	911,586.92	288,937.58	622,649.34	
<u>Public and Private Programs Offset by Revenues</u>					
Drunk Driving Enforcement	19,305.00	19,305.00	19,305.00		
Body Armor - Other Expenses	935.76	935.76	935.76		
Distracted Driving	7,000.00	7,000.00	7,000.00		
Clean Communities - Other Expenses	7,801.97	7,801.97	7,801.97	-	
Total Public and Private Programs Offset by Revenues	35,042.73	35,042.73	35,042.73	-	-
Total Operations Excluded from "Caps"	1,286,123.88	1,286,123.88	653,808.26	632,315.62	-
<u>Capital Improvements Excluded from "Caps"</u>					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Total Capital Improvements Excluded from "Caps"	100,000.00	100,000.00	100,000.00	-	-
<u>Municipal Debt Service - Excluded from "Caps"</u>					
Payment of Bond Principal	395,000.00	395,000.00	395,000.00		
Interest on Bonds	167,470.28	167,470.28	167,470.28		
Interest on Notes	4,088.70	4,088.70	2,653.57		1,435.13
Total Municipal Debt Service Excluded from "Caps"	566,558.98	566,558.98	565,123.85	-	1,435.13

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-3
Sheet 7 of 7

CURRENT FUND

STATEMENT OF EXPENDITURES - DECEMBER 31, 2022

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Total General Appropriations for Municipal Purposes Excluded from "Caps"	<u>1,952,682.86</u>	<u>1,952,682.86</u>	<u>1,318,932.11</u>	<u>632,315.62</u>	<u>1,435.13</u>
Sub-Total General Appropriations	7,648,792.86	7,648,792.86	6,291,580.62	1,355,777.11	1,435.13
Reserve for Uncollected Taxes	<u>328,476.01</u>	<u>328,476.01</u>	<u>328,476.01</u>	-	
	<u>\$7,977,268.87</u>	<u>7,977,268.87</u>	<u>6,620,056.63</u>	<u>1,355,777.11</u>	<u>1,435.13</u>
Ref.	A-1	A-1		A	A-1
<u>Analysis of Paid or Charged</u>					
Disbursed	<u>Ref.</u>				
Accounts Payable	A-4		\$ 6,018,570.82		
Federal and State Grants	A		22,746.17		
Encumbrances	A-15		35,042.73		
Reserved for Uncollected Taxes	A-11		215,220.90		
	A-2		<u>328,476.01</u>		
			<u>\$ 6,620,056.63</u>		

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

BALANCE SHEET - TRUST FUND**REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Dog License Fund			
Cash	B-1	\$ 7,601.70	7,054.28
		<u>7,601.70</u>	<u>7,054.28</u>
Other Funds:			
Cash	B-1	1,245,987.49	980,349.99
		<u>1,245,987.49</u>	<u>980,349.99</u>
Total Assets		<u>\$ 1,253,589.19</u>	<u>987,404.27</u>
<u>Liabilities and Reserves</u>			
Dog License Fund:			
Reserve for:			
Dog Fund Expenditures	B-2	\$ 7,601.70	7,054.28
		<u>7,601.70</u>	<u>7,054.28</u>
Other Funds:			
Reserve for:			
Law Enforcement Trust	B-4	801.86	792.47
Deferred Sick Leave	B-5	14,051.59	53,059.17
Unemployment	B-7	114,495.89	109,504.79
Police Escrow	B-8	1,698.82	1,698.85
Library Trust Fund	B-9	327,134.86	222,635.95
Recreation	B-10	421,125.31	247,054.96
Flexible Spending Account	B-11	1,700.00	1,700.00
Walker Escrow Account	B-12	5,016.06	5,010.97
Various Reserves	B-6	359,963.07	338,892.83
		<u>1,245,987.46</u>	<u>980,349.99</u>
Total Liabilities and Reserves		<u>\$ 1,253,589.16</u>	<u>987,404.27</u>

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**BALANCE SHEET - GENERAL CAPITAL FUND****Exhibit C****DECEMBER 31,****REGULATORY BASIS**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
Cash - Checking	C-2	\$ 2,710,659.52	6,670,547.22
Grants Receivable	C-3	185,628.81	185,628.81
Deferred Charges to Future Taxation			
Funded		4,105,000.00	4,500,000.00
Unfunded	C-4	1,489,750.00	60,000.00
		<u>5,780,378.81</u>	<u>4,745,628.81</u>
Total Assets		<u>\$ 8,491,038.33</u>	<u>11,416,176.03</u>
<u>Liabilities, Reserves and Fund Balance</u>			
General Serial Bonds	C-7	\$ 4,105,000.00	4,500,000.00
Bond Anticipation Notes	C-8	632,250.00	3,681,500.00
Capital Improvement Fund	C-5	496,459.60	471,709.60
Reserve to Pay Bond Anticipation Notes	C-3	161,119.42	30,370.42
Encumbrances	C-6	792,779.33	1,250,275.33
Improvement Authorizations:			
Funded	C-6	32,005.06	32,005.06
Unfunded	C-6	1,867,844.07	1,046,734.77
Fund Balance	C-1	<u>403,580.85</u>	<u>403,580.85</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 8,491,038.33</u>	<u>11,416,176.03</u>

There were Bonds and Notes authorized but not issued for \$857,500.00 on December 31, 2022 and \$60,250.00 on December 31, 2021. (Exhibit C-9).

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

Exhibit C-1

STATEMENT OF FUND BALANCE

REGULATORY BASIS

Balance December 31, 2021 and 2022	<u>Ref.</u> C	<u>\$ 403,580.85</u>
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The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**BALANCE SHEET - WATER-SEWER UTILITY FUND****Exhibit D
Sheet 1 of 2****DECEMBER 31,****REGULATORY BASIS**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	D-5	\$ 769,842.42	739,229.55
Accounts Receivable:			
Consumer Accounts Receivable	D-7	149,395.25	210,397.15
Total Operating Fund		919,237.67	949,626.70
<u>Capital Fund</u>			
Cash	D-5	1,822,004.30	3,838,299.47
Fixed Capital	D-11	3,468,686.50	3,468,686.50
Fixed Capital Authorized and Uncompleted	D-14	12,649,225.05	12,519,225.05
		16,117,911.55	15,987,911.55
Total Capital Fund		17,939,915.85	19,826,211.02
Total Assets		\$ 18,859,153.52	20,775,837.72

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**BALANCE SHEET - WATER-SEWER UTILITY FUND****Exhibit D**
Sheet 2 of 2**DECEMBER 31,****REGULATORY BASIS**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Liabilities:			
Appropriation Reserves	D-4	81,720.68	169,868.32
Prepaid Water And Sewer		2,605.62	5,173.11
Reserve For Capital Projects	D-5	5,900.00	5,900.00
Encumbrances	D-4	38,383.13	12,625.45
Accrued Interest on Bonds	D-10	33,976.73	33,976.73
		<u>162,586.16</u>	<u>227,543.61</u>
Reserve for Receivables		149,395.25	210,397.15
Fund Balance	D-2	607,256.26	511,685.94
Total Operating Fund		<u>919,237.67</u>	<u>949,626.70</u>
<u>Capital Fund</u>			
Serial Bonds	D-17	2,135,000.00	2,275,000.00
Bond Anticipation Notes	D-19		1,894,000.00
Loan State of New Jersey	D-16	2,143,199.16	2,448,911.92
Improvement Authorizations:			
Funded	D-13	84,325.32	84,325.32
Unfunded	D-13	864,851.60	769,799.61
Reserve to Pay Debt		178,019.95	178,019.95
Capital Improvement Fund	D-12	493,925.91	347,900.00
Encumbrances	D-6	92,810.56	326,183.63
Reserve for Amortization	D-15	3,192,788.68	3,192,788.68
Deferred Reserve for Amortization	D-9	8,738,744.27	8,293,031.51
Fund Balance	D-1	16,250.40	16,250.40
Total Capital Fund		<u>17,939,915.85</u>	<u>19,826,211.02</u>
Total Liabilities, Reserves and Fund Balance		<u><u>\$ 18,859,153.52</u></u>	<u><u>20,775,837.72</u></u>

There were Bonds and Notes authorized but not issued on December 31, 2022 of \$2,016,415.00 and \$1,886,415.00 on December 31, 2021. (See Exhibit D-18).

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-1

STATEMENT OF FUND BALANCE

REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2021 and 2022	D	<u><u>\$ 16,250.40</u></u>

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**Exhibit D-2****WATER-SEWER UTILITY OPERATING FUND****STATEMENT OF OPERATIONS AND****CHANGES IN FUND BALANCE****REGULATORY BASIS**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Revenue and Other Income Realized</u>			
Operating Surplus Anticipated	D-3	\$ 318,221.69	508,117.17
Water-Sewer Fees	D-3	1,663,909.45	1,523,185.48
Miscellaneous Revenue Not Anticipated	D-3	114,089.65	50,464.46
Shared Services -Borough of Brielle	D-3	88,315.00	86,585.00
Other Credits to Income:			
Reserve for Debt Service Payments	D-3		228,500.00
Appropriations Cancelled	D-4	16,467.76	10,903.41
Appropriation Reserves Lapsed	D-8	174,387.00	196,838.74
		<u>2,375,390.55</u>	<u>2,604,594.26</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	D-4	385,000.00	398,000.00
Other Expenses	D-4	484,000.00	525,623.67
Payment to South Monmouth Regional Sewerage Authority	D-4	282,000.00	298,000.00
N.J. Water Supply Authority	D-4	105,000.00	105,000.00
Capital Improvement Fund	D-4	100,000.00	100,000.00
Debt Service	D-4	575,536.69	916,578.50
Deferred Charges and Statutory Expenditures	D-4	30,000.00	35,000.00
Other		61.85	0.07
		<u>1,961,598.54</u>	<u>2,378,202.24</u>
Excess Revenue		413,792.01	226,392.02
Fund Balance January 1	D	<u>511,685.94</u>	<u>793,411.09</u>
		925,477.95	1,019,803.11
Decreased by:			
Anticipated as Current Year Revenue	D-3	<u>318,221.69</u>	<u>508,117.17</u>
Fund Balance December 31	D	<u>\$ 607,256.26</u>	<u>511,685.94</u>

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**WATER-SEWER UTILITY OPERATING FUND****Exhibit D-3****STATEMENT OF REVENUES - YEAR 2022****REGULATORY BASIS**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or (Deficit)</u>
Operating Surplus Anticipated	D-2	\$ 318,221.69	318,221.69	
Rents - Water & Sewer	D-2	1,525,000.00	1,663,909.45	138,909.45
Shared Services-Borough of Brielle	D-2	88,315.00	88,315.00	-
Miscellaneous	D-2	30,000.00	114,089.65	84,089.65
		<u>\$ 1,961,536.69</u>	<u>2,184,535.79</u>	<u>222,999.10</u>

Analysis of Miscellaneous Revenue

Interest & Costs on Delinquent Accounts	\$ 24,660.11
Water And Sewer Taps	81,780.00
Interest on Investments	6,564.54
Miscellaneous	185.00
Disconnect Fees	900.00
	<u>\$ 114,089.65</u>

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

WATER-SEWER OPERATION FUND

Exhibit D-4

STATEMENT OF EXPENDITURES - YEAR 2022

REGULATORY BASIS

	<u>Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 385,000.00	385,000.00	372,608.98	12,391.02	
Other Expenses	459,000.00	459,000.00	411,728.08	47,271.92	
Other Expenses-Audit	10,000.00	10,000.00	10,000.00	-	
Payments to South Monmouth Regional					
Sewerage Authority	282,000.00	282,000.00	281,921.40	78.60	
N.J. Water Supply Authority-MCIA	105,000.00	105,000.00	84,124.92	20,875.08	
Accrued Interest on Bonds	15,000.00	15,000.00	15,000.00	-	
Capital Improvements:					
Capital Improvement Fund	100,000.00	100,000.00	100,000.00		
Debt Service:					
Payment of Bond Principal	445,712.76	445,712.76	438,142.23		7,570.53
Payment of Notes					
Interest on Bonds	129,253.13	129,253.13	120,355.90		8,897.23
Interest on Notes	570.80	570.80	570.80		
Accrued Interest on Bonds					
Statutory Expenditures:					
Social Security System (O.A.S.I.)	30,000.00	30,000.00	28,895.94	1,104.06	
Total Water-Sewer Utility Appropriations	<u>\$ 1,961,536.69</u>	<u>1,961,536.69</u>	<u>1,863,348.25</u>	<u>81,720.68</u>	<u>16,467.76</u>
	<u>Ref.</u>	<u>D-1</u>	<u>D</u>	<u>D</u>	<u>D-1</u>
Disbursed	D-4		\$ 1,824,965.12		
Encumbrances	D		<u>38,383.13</u>		
			<u>\$ 1,863,348.25</u>		

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit E

BALANCE SHEET - DEDICATED BEACH UTILITY**REGULATORY BASIS****DECEMBER 31,**

	<u>Ref.</u>	<u>2022</u>	<u>2021</u>
<u>Assets</u>			
<u>Operating Fund</u>			
Cash	E-5	\$ 966,863.76	1,127,295.29
Total Operating Fund		<u>966,863.76</u>	<u>1,127,295.29</u>
<u>Capital Fund</u>			
Cash	E-5	192,197.60	150,797.60
Fixed Capital	E-12	3,285,318.76	3,285,318.76
Fixed Capital Authorized and Uncompleted	E-9	<u>2,616,000.00</u>	<u>2,486,000.00</u>
Total Capital Fund		<u>6,093,516.36</u>	<u>5,922,116.36</u>
Total Assets		<u>\$ 7,060,380.12</u>	<u>7,049,411.65</u>
<u>Liabilities, Reserves and Fund Balance</u>			
<u>Operating Fund</u>			
Appropriation Reserves	E-4,7	\$ 83,718.53	48,853.00
Encumbrances	E-4	17,194.95	11,997.71
Prepaid Beach Fees	E-5	235,598.04	247,159.04
Reserve for Donation		5,814.45	5,814.45
Reserve For Beach Equipment		603.56	603.56
Fund Balance	E-1	<u>623,934.23</u>	<u>812,867.53</u>
Total Operating Fund		<u>966,863.76</u>	<u>1,127,295.29</u>
<u>Capital Fund</u>			
Improvement Authorizations:			
Funded	E-8	12,599.90	12,699.90
Unfunded	E-8	130,000.00	
Capital Improvement Fund	E-10	65,535.00	24,035.00
Reserve to Pay Bonds and Notes	E-11	38,589.81	38,589.81
Reserve For Deferred Amortization		2,486,000.00	72,000.00
Reserve for Amortization		3,285,240.72	5,699,240.72
Fund Balance	E-1	<u>75,550.93</u>	<u>75,550.93</u>
Total Capital Fund		<u>6,093,516.36</u>	<u>5,922,116.36</u>
Total Liabilities Reserves and Fund Balance		<u>\$ 7,060,380.12</u>	<u>7,049,411.65</u>

There were bonds and notes authorized but not issued of \$130,000.00 on December 31, 2022 and none at December 31, 2021.

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

STATEMENT OF FUND BALANCE

Exhibit E-1

REGULATORY BASIS

Ref.

Balance December 31, 2021 and 2022

E

\$ 75,550.93

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**DEDICATED BEACH UTILITY****Exhibit E-2****STATEMENT OF OPERATIONS AND**
CHANGE IN OPERATING FUND BALANCE**REGULATORY BASIS**

	<u>Ref.</u>	<u>Year 2022</u>	<u>Year 2021</u>
<u>Revenue and Other Income Realized</u>			
Operating Fund Balance Anticipated	E-3	\$ 568,950.00	368,100.00
Beach Fees	E-3	1,331,750.46	1,501,301.62
Concession Rents	E-3	48,700.00	50,800.00
Lifeguard NGTC	E-3	61,571.22	56,310.27
Miscellaneous Revenue	E-3	31,228.95	69,565.68
Other Credits to Income:			
Appropriation Reserves Lapsed	E-7	53,341.07	15,487.54
		<u>2,095,541.70</u>	<u>2,061,565.11</u>
<u>Expenditures</u>			
Operating:			
Salaries and Wages	E-4	1,152,175.00	1,018,500.00
Other Expenses	E-4	351,700.00	342,600.00
Capital Improvements	E-4	89,500.00	89,500.00
Deferred Charges and			
Statutory Expenditures	E-4	90,900.00	70,000.00
Surplus to General Budget	E-4	31,250.00	-
		<u>1,715,525.00</u>	<u>1,520,600.00</u>
Excess in Revenue		380,016.70	540,965.11
Fund Balance January 1	E	812,867.53	640,002.42
		<u>1,192,884.23</u>	<u>1,180,967.53</u>
Decreased by:			
Utilized as Anticipated Revenue	E-3	568,950.00	368,100.00
Fund Balance December 31	E	<u>\$ 623,934.23</u>	<u>812,867.53</u>

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**DEDICATED BEACH UTILITY**

Exhibit E-3

STATEMENT OF REVENUES - 2022**REGULATORY BASIS**

	<u>Ref.</u>	<u>Budget</u>	<u>Realized</u>	<u>Excess or Deficit</u>
Operating Surplus Anticipated	E-2	\$ 568,950.00	568,950.00	
Beach Fees	E-2	1,035,000.00	1,331,750.46	296,750.46
Concession Rents	E-2	50,000.00	48,700.00	(1,300.00)
Lifeguard NGTC	E-2	61,575.00	61,571.22	(3.78)
		<u>\$ 1,715,525.00</u>	<u>2,010,971.68</u>	<u>295,450.46</u>

	<u>Ref.</u>	
Analysis of Beach Fees:		
Prepaid	E	\$ 247,159.04
Cash Receipts	E-5	<u>1,084,591.42</u>
		<u>\$ 1,331,750.46</u>

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

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit E-4

DEDICATED BEACH UTILITY

STATEMENT OF EXPENDITURES - 2022

REGULATORY BASIS

	<u>Adopted Budget</u>	<u>Budget After Modification</u>	<u>Paid or Charged</u>	<u>Reserved</u>	<u>Cancelled</u>
Operating:					
Salaries and Wages	\$ 1,152,175.00	1,152,175.00	1,102,492.17	49,682.83	
Other Expenses	351,700.00	351,700.00	326,957.79	24,742.21	
Capital Improvements:					
Capital Improvement Fund	41,500.00	41,500.00	41,500.00	-	
Capital Outlay	48,000.00	48,000.00	43,090.32	4,909.68	
Statutory Expenditures:					
Social Security	90,900.00	90,900.00	86,516.19	4,383.81	
Surplus to General Budget	31,250.00	31,250.00	31,250.00		
Total Beach Utility Appropriations	<u>\$ 1,715,525.00</u>	<u>1,715,525.00</u>	<u>1,631,806.47</u>	<u>83,718.53</u>	<u>-</u>
Ref.	E			E	E-2
Cash Disbursed		Ref.			
Encumbrances		E-5	\$ 1,614,611.52		
		E	17,194.95		
			<u>\$ 1,631,806.47</u>		

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

BALANCE SHEET - FIXED ASSETS**Exhibit F****DECEMBER 31,****REGULATORY BASIS**

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
General Fixed Assets:		
Land	\$ 24,629,527.00	24,629,527.00
Buildings and Improvements	5,257,798.00	5,257,798.00
Machinery and Equipment	3,396,695.90	4,979,426.75
Total Assets	<u>\$ 33,284,020.90</u>	<u>34,866,751.75</u>
<u>Reserves</u>		
Reserve for Fixed Assets	<u>\$ 33,284,020.90</u>	<u>34,866,751.75</u>

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

BOROUGH OF SEA GIRT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the Borough of Sea Girt, County of Monmouth, include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough of Sea Girt as required by N.J.S. 40A:5-5. The financial statements of the Borough do not include the operations of the Board of Education, First Aid Organization or Volunteer Fire Company, which are subject to separate audits.

The Governmental Accounting Standards Board ("GASB") Statement 14 established criteria to be used to determine which component units should be included in the financial statements of the oversight entity. The criteria differ from the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") requirements where certain boards, commissions, and agencies of the Borough, by statute or other directive, report separately on their financial statements. The Borough had no component units during 2022.

B. Description of Funds

The accounting policies of the Borough of Sea Girt 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 respect to public funds. Under this method of accounting, the Borough of Sea Girt 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 Fund – 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 capital facilities, other than those required in the Current Fund.

Water Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally owned Water Utility.

Beach Operating and Capital Funds – account for the operations and acquisition of capital facilities of the municipally owned Beach Utility.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

Public Assistance Fund – receipt and disbursement of funds that provide assistance to certain residents of the Borough pursuant to Title 44 of New Jersey statutes.

General Fixed Assets – record fixed assets.

Grant Funds – record Federal and State grants.

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 government units. The more significant differences are as follows:

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

Revenues – are recorded when 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 Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures – are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31 are reported as a cash liability in the financial statements and constitute part of the Borough's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be cancelled 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 and utility bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis, whereas interest on utility indebtedness is on the accrual basis.

Foreclosed Property – Foreclosed property is recorded in the Current Fund as 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 costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Net Pension and OPEB Liability – New Jersey’s municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability and OPEB liability as liabilities on their balance sheets. However, N.J.A.C. 5:30 6.1(c)(2) requires municipalities to disclose GASB 68 and GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68 and GASB 75.

General Fixed Assets – In accordance with Technical Accounting Directive No. 85-2, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, the Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by an independent appraisal firm.

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.

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.

Utility Fixed Assets

Accounting for utility fund “fixed capital” remains unchanged under the Requirements of Technical Accounting Directive No. 85-2.

Property and equipment purchased by the Water-Sewer Utility Fund and the Beach 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. Contribution in aid of construction are not capitalized. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital funds represent charges to operations for the cost of acquisitions of property, equipment and improvements. The utilities do not record depreciation on fixed assets.

Leases

Under GAAP, lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized in a systematic and rational manner over the lease term

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease liabilities represent obligations to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of the expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Payments for short-term leases with a term of 12 months or less are expenses as incurred and these leases are not included as lease liabilities or right-to-use assets on the statements of net position.

New Jersey's municipalities do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording lease receivables, deferred outflows, lease liabilities or deferred inflows on their balance sheets.

D. Financial Statements

The GASB Codification requires the financial statements of a governmental unit to be prepared in accordance with GAAP. The Borough presents its financial statements in accordance with another comprehensive basis of accounting as promulgated by the Division, which differs from the financial statements required by GAAP. In addition, the Division requires the financial statements to be referenced to the supplementary schedules. This practice differs from GAAP.

E. Budgets and Budgetary Accounting

An annual budget is required to be adopted and integrated into the accounting system to provide budgetary control over revenues and expenditures. Budget amounts presented in the accompanying financial statements represent amounts adopted by the Borough and approved by the Division in accordance with applicable statutes.

NOTE 2: DEBT

The Local Bond Law governs the issuance of bonds and notes to finance general municipal capital expenditures. Bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond anticipation notes are issued to temporarily finance capital projects, prior to the issuance of serial bonds. The term of the notes cannot exceed one year but the notes may be renewed from time to time for a period not exceeding one year. All such notes must be paid no later than the tenth anniversary of the date of the original note. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid. A second legal installment must be paid if the notes are to be renewed beyond the fourth anniversary date of the original issuance and so on. Tax anticipation notes are issued if the cash on hand is not sufficient to carry on normal operations of the municipality at any time during the year. Such notes are authorized by a resolution adopted by the governing body.

NOTE 2: DEBT (CONTINUED)**Summary of Municipal Debt**

	<u>Year 2022</u>	<u>Year 2021</u>	<u>Year 2020</u>
<u>Issued</u>			
General:			
Bonds and Notes	\$ 4,737,250.00	8,181,500.00	5,254,500.00
Water-Sewer Utility, Beach Utility:			
Bonds, Notes and Loans	<u>4,278,199.16</u>	<u>6,617,911.92</u>	<u>5,902,765.61</u>
Total Issued	<u>9,015,449.16</u>	<u>14,799,411.92</u>	<u>11,157,265.61</u>
Less:			
Funds on Hand to Pay Bonds, Notes & Loans	<u>116,119.42</u>	<u>3,711,870.42</u>	<u>130,370.42</u>
Net Debt Issued	<u>8,899,329.74</u>	<u>11,087,541.50</u>	<u>11,026,895.19</u>
<u>Authorized But Not Issued</u>			
General:			
Bonds and Notes	857,500.00	250.00	250.00
Water-Sewer Utility:			
Bonds and Notes	2,016,415.00	1,886,415.00	1,866,415.00
Beach Utility:			
Bonds and Notes	<u>130,000.00</u>		
Total Authorized but not Issued	<u>3,003,915.00</u>	<u>1,886,665.00</u>	<u>1,866,665.00</u>
Net Bonds and Notes Issued and Authorized but Not Issued	<u>\$ 11,903,244.74</u>	<u>12,974,206.50</u>	<u>12,893,560.19</u>

A. Long-Term Debt

The Borough's long-term debt is summarized as follows:

General Capital Fund

General Capital General Improvements Serial Bonds Issued December 19, 2012 through December 19, 2027 – 2% to 4.00%	\$ 1,280,000.00
General Capital General Improvements Serial Bonds Issued December 31, 2021 through December 31, 2035 – 4% to 5%	<u>2,825,000.00</u>
	<u>\$ 4,105,000.00</u>

NOTE 2: DEBT (CONTINUED)**Water-Sewer Utility Capital Fund**

Variable Rate General Improvements Serial Bonds Issued December 19, 2012 Due through December 19, 2032 2.5% to 4%	\$ 665,000.00
Variable Rate General Improvements Serial Bonds Issued December 31, 2021 through December 31, 2036 4% to 5%	1,470,000.00
Improvement Loan Dated November 9, 2006 at No Interest Maturing August 1, 2018 through August 1, 2026	453,875.33
Improvement Loan Dated November 9, 2006 at Variable Rates of 4% to 5%, Maturing August 1, 2018 through August 1, 2026	441,870.20
Improvement Loan Dated December 20, 2010 at No Interest Maturing August 1, 2018 through August 1, 2030	186,961.27
Improvement Loan Dated December 20, 2010 at a rate of 5% Maturing August 1, 2018 through August 1, 2030	195,618.38
Improvement Loan Dated December 22, 2016 at Variable Rates of 3% to 5% Maturing August 1, 2018 through August 1, 2036	286,193.48
Improvement Loan Dated December 22, 2016 at No Interest Maturing August 1, 2018 through August 1, 2036	<u>578,680.50</u>
	<u>\$ 4,278,199.16</u>

Summary of Statutory Debt Condition – Annual Debt Statement – December 31, 2022

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 0.196%.

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Water Sewer and Beach Utility debt	\$ 6,424,614.16	6,424,614.16	
General Debt	<u>5,594,750.00</u>	<u>161,119.42</u>	<u>5,433,630.58</u>
	<u>\$ 12,019,364.16</u>	<u>6,585,733.58</u>	<u>5,433,630.58</u>

Net Debt \$5,433,880.58 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended,
\$2,765,489,123.33 = 0.196%.

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

3.5% of Equalized Valuation Basis (Municipal)	\$ 96,792,119.63
Net Debt	<u>5,433,630.58</u>
Remaining Borrowing Power	<u>\$ 91,358,489.05</u>

NOTE 2: DEBT (CONTINUED)**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt
Issued and Outstanding**

Calendar Year	General		Beach and Water-Sewer Utility	
	Principal	Interest	Principal	Interest
2023	\$ 405,000.00	162,650.00	145,000.00	84,312.50
2024	415,000.00	146,450.00	145,000.00	78,512.50
2025	420,000.00	138,250.00	145,000.00	72,712.50
2026	430,000.00	119,600.00	150,000.00	67,712.50
2027	435,000.00	104,650.00	150,000.00	61,462.50
2028-2032	1,020,000.00	381,500.00	780,000.00	222,065.00
2033-2036	<u>980,000.00</u>	<u>82,000.00</u>	<u>620,000.00</u>	<u>64,850.00</u>
	<u>\$ 4,105,000.00</u>	<u>1,135,100.00</u>	<u>2,135,000.00</u>	<u>651,627.50</u>

Calendar Year	<u>Loans State of New Jersey</u>	
	Principal	Interest
2023	\$ 310,879.17	53,372.50
2024	320,814.23	46,522.50
2025	333,249.44	38,272.50
2026	342,770.69	30,535.00
2027	107,992.00	16,800.00
2028-2032	461,815.35	49,880.00
2033-2036	<u>265,678.28</u>	<u>14,260.00</u>
	<u>\$ 2,143,199.16</u>	<u>249,642.50</u>

Calculation of "Self-Liquidating Purpose" Water-Sewer Utility Per N.J.S. 40A:2-45

Cash Receipts from Fees, Rents or Other Charges for Year		\$ 2,184,535.79
Deductions:		
Operating and Maintenance Cost	1,271,000.00	
Debt Service Per Water-Sewer Account	<u>682,472.39</u>	
		<u>1,953,472.39</u>
Excess in Revenue		<u>\$ 231,063.40</u>

NOTE 2: DEBT (CONTINUED)**Calculation of "Self-Liquidating Purpose" Beach Operating Utility Per N.J.S. 40A:2-45**

Cash Receipts From Fees, Rents or Other Charges for Year		\$ 2,042,200.63
Deductions:		
Operating and Maintenance Cost	1,626,025.00	
Debt Service	<u>10,332.76</u>	
		<u>1,636,357.76</u>
Excess in Revenues		<u>\$ 405,842.87</u>

General Capital Fund

Notes Issued 12/08/22 maturing 1/28/2023 @ 4.5%	<u>\$ 632,250.00</u>
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NOTE 3: FUND BALANCES APPROPRIATED

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

Current Fund	\$ 1,100,000.00
Beach Utility Operating Fund	568,750.00
Water-Sewer Utility Operating Fund	357,036.67

NOTE 4: PENSIONS

Employees who are eligible for a pension plan, are enrolled in one of three pension systems administered by the Division of Pensions, Treasury Department of State of New Jersey. The three State-administered plans are: (1) the Public Employee's Retirement System; (2) the Consolidated Police and Firemen's Pension Fund, and (3) the Police and Firemen's Retirement System. The Division annually charge municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial methods. A portion of the cost is contributed by the employee's. The Borough's share of pension costs, which is based upon the annual billings received from the State, amounted to \$610,325.00 for 2022 and \$586,440.00 for 2021.

Borough employees are also covered by the Federal Insurance Contribution Act.

Information as to the comparison of the actuarially computed value of vested benefits with the system's assets is not available from the State Retirement Systems and, therefore, is not presented.

NOTE 5: PENSION OBLIGATIONS

A. Public Employee's Retirement System (PERS)

Based on the latest available information provided by the State of New Jersey.

Plan Description – The State of New Jersey, Public Employee's Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:15A*. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions -- The contribution policy for PERS is set by *N.J.S.A. 43:15A* and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer's portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount. The local employer's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. Borough contributions to PERS amounted to \$246,459.00 for 2022.

NOTE 5: PENSION OBLIGATIONS (Continued)**Special Funding Situation**

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows 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 nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Components of Net Pension Liability – At December 31, 2022, the Borough reported a liability of \$2,809,474 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2021, to the measurement date of June 30, 2022. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2022. The Borough's proportion measured as of June 30, 2022, was .01861%, which was .00243% less than its proportion measured as of June 30, 2021.

	<u>Dec. 31, 2022</u> July 1, 2021	<u>Dec. 31, 2021</u> July 1, 2020
Actuarial Valuation Date		
Net Pension Liability	\$ 2,809,474	2,493,071
Borough's Portion of the Plan's Total Net Pension Liability	0.01861%	0.02104%

For the year ended December 31, 2022, the Borough had an allocated pension expense of \$234,762.

NOTE 5: PENSION OBLIGATIONS (Continued)

Actuarial Assumptions – The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PERS</u>
Measurement Date	June 30, 2022
Actuarial Valuation Date	July 1, 2021
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 - 6.55%
Inflation 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 disabled 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 a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 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, 2022) 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 PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

NOTE 5: PENSION OBLIGATIONS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the 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 Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>Increase (8.0%)</u>
Borough's Proportionate Share Of Net Pension Liability	<u>\$ 3,638,663</u>	<u>2,809,474</u>	<u>2,146,034</u>

NOTE 5: PENSION OBLIGATIONS (Continued)**B. Police and Fireman's Retirement System (PFRS)**

Plan Description – The State of New Jersey, Police and Fireman's Retirement System (PFRS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PFRS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

The vesting and benefit provisions are set by *N.J.S.A. 43:16A*. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for disability benefits, which vest after 4 years of service.

The following represents the membership tiers for PFRS:

<u>Tier</u>	<u>Definition</u>
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year if creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which cash benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions – The contribution policy for PFRS is set by *N.J.S.A. 43:16A* and requires 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 2022, the State contributed an amount less than the actuarially determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PFRS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability by employer for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

NOTE 5: PENSION OBLIGATIONS (Continued)

Special Funding Situation – Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the state is as follows: 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 amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows 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 nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

Components of Net Pension Liability – At December 31, 2022, the Borough reported a liability of \$3,402,469 for its proportionate share of the PFRS net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2020, to the measurement date of June 30, 2021. The Borough's proportion of the net pension liability was based on the Borough's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2021. The Borough's proportion measured as of December 31, 2021, was .02972%, which was a decrease of .00150% from its proportion measured as of December 31, 2020.

Collective Balances at December 31, 2022 and December 31, 2021

	<u>Dec. 31, 2022</u> July 1, 2021	<u>Dec. 31, 2021</u> July 1, 2020
Actuarial Valuation Date		
Net Pension Liability	\$ 3,402,469	2,281,968
District's Portion of the Plan's Total Net Pension Liability	. 0.02972%	0.03122%

For the year ended December 31, 2022, the Borough had an allocated pension expense of \$386,594.

NOTE 5: PENSION OBLIGATIONS (Continued)

Actuarial Assumptions – The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>PFRS</u>
Measurement Date	June 30, 2022
Actuarial Valuation Date	July 1, 2021
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all Future Years	3.25 - 16.25%
	Based on Years of Service
Inflation 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. 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 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries (contingent annuitants), 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 152.0% adjustment for males and 109.3.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return -- 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 weighing 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 PFRS's target asset allocation as of June 30, 2022 are summarized in the following table:

NOTE 5: PENSION OBLIGATIONS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	3.00%	7.60%
Real Estate	8.00%	11.19%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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 nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the 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 Borough's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net pension liability calculated using the discount rate as disclosed above, as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<u>Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>Increase (8.0%)</u>
Borough's Proportionate Share Of Net Pension Liability	\$ 5,498,432	3,402,469	2,765,903

NOTE 5: PENSION OBLIGATIONS (Continued)**C. Defined Contributions Retirement Program**

The defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et. Seq.) and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the Borough's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

As of December 31, 2022, the Borough did not have any employees participating in the Defined Contribution Retirement Program.

Related Party Investments -- The Division of Pensions and Benefits does not invest in securities issued by the Borough.

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB)

The Borough provides post employment health care benefits as part of the State Health Benefits Local Government Retired Employments Plan.

General Information about the OPEB Plan

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pension* (GASB Statement No. 75); therefore, assets are accumulated to pay associated benefits. 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>.

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

The plan provides medical and prescription drug to retirees and their covered dependents of the 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 postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State of 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 providing 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.

Total OPEB Liability

At December 31, 2022, the Borough had a liability of \$3,647,709 for its proportionate share of the non-special funding net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Borough's proportion of the net OPEB liability was based on a projection of the Borough's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers in the plan. At June 30, 2021, the Borough's proportion was .022587% which was a decrease of .11468% from its proportion measured as of June 30, 2020.

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

For the year ended December 31, 2022, the Borough would be recognized OPEB expense of \$34,096. At December 31, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 188,372	676,130
Changes of Assumptions	486,802	1,244,893
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	960	
Changes in Proportion and Differences Between the Borough's Contributions and Proportionate Share of Contributions	<u>148,846</u>	<u>640,813</u>
Total	<u>\$ 824,980</u>	<u>2,561,836</u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB (excluding changes in proportion) would be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (242,755.00)
2023	(243,074.00)
2024	(243,366.00)
2025	(173,788.00)
2026	(29,215.00)
Thereafter	<u>40,989.00</u>
	<u>\$ (891,209.00)</u>

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflow of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average remaining service lives of all plan members, which is 7.82, 7.87, 8.05, 8.14 and 8.04 years for the 2021, 2020, 2019, 2018 and 2017 amounts, respectively.

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**Actual Assumptions and Other Inputs**

The total OPEB liability for the June 30, 2019 measurement date 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*:	
Public Employees' Retirement System (PERS)	
Initial Fiscal Year Applied	
Rate through 2026	2.00% to 6.00%
Thereafter	3.00% to 7.00%
Police and Firemen's Retirement System (PFRS)	
Rate for all Future Years	3.25% to 15.25%
Mortality:	
PERS	Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using Scale MP-2021
PFRS	Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projects from the central year using MP-2021

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

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

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

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rate 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.

NOTE 6: OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)**Sensitivity of Net OPEB Liability to Changes in the Discount Rate**

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2021		
	1% Decrease 1.16%	At Current Discount Rate 2.16%	1% Increase 3.16%
Borough's Proportionate Share Of Net OPEB Liability	\$ 4,784,444	3,647,709	3,495,920

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the Borough's proportionate share of the net OPEB liability as of June 30, as well as what the Borough's proportionate share of the net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower or one percentage point higher than the current rate:

	June 30, 2021		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Borough's Proportionate Share Of Net OPEB Liability	\$ 3,392,088	3,647,709	4,944,474

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 nonemployer 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.

The Borough, as of December 31, 2022, has 18 members under the Special Funding Situation. The State proportionate share of the net OPEB liability attributed to the Borough is \$3,693,950.

NOTE 7: CASH AND CASH EQUIVALENTS

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation (FDIC), or by any other agencies of the United States that insure deposits or the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

The market value of the collateral must equal five percent of the average daily balance of public funds; or

If the public funds deposited exceed 75 percent of the capital funds of the depository, the depository must provide collateral having a market value equal to 100 percent of the amount exceeding 75 percent.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000.00.

The Borough also has funds on deposit with the New Jersey Cash Management Fund (NJCMF), a local government investment pool which invests in repurchase agreements collateralized by U.S. Securities, U.S. Government Agency Discount Notes and U.S. Government Agency Securities.

The carrying amount of the Borough's deposits at year-end including certificates of deposit was \$15,493,967.79. Of this amount \$250,000.00 was covered by Federal depository insurance and the remaining \$15,243,967.79 covered by a collateral pool maintained by the banks as required by New Jersey statutes.

The investments recorded in the general-purpose financial statements have been recorded at the carrying amount. The difference between the carrying amount and market value is not material to the general-purpose financial statements.

B. Investments

a. When authorized by a cash management plan approved pursuant to N.J.S. 40A:5-14, the Borough may use available funds for the purchase of the following types of securities which, if suitable for registry, may be registered in the name of the Borough.

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America.
- (2) Government money market mutual funds.
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
- (4) Bonds or other obligations of the Borough or bonds or other obligations of school districts of which the Borough is a part or within which the school district located within the Borough.

NOTE 7: CASH AND CASH EQUIVALENTS**B. Investments (Continued)**

- (5) Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, that are approved by the New Jersey Department of Treasury, Division of Investments.
- (6) Municipal investment pools.
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c. 281; or
- (8) Agreements for the repurchase of fully collateralized securities, if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this section;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public-depository as defined in section 1 of P.L. 1970, c. 236 (C. 17:9-41);
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

b. Any investment instruments, in which the security is not physically held by the Borough, shall be covered by a third party custodial agreement, which shall provide for the designation of such investments in the name of the Borough and prevent unauthorized use of such instruments.

c. Investments are further regulated and restricted in accordance with N.J.S. 40A:5-15.1.

Cash and cash equivalents included petty cash, change funds, amounts in deposits and short-term investments with original maturities of three months or less.

New Jersey Cash Management Fund

All investments in the Fund are governed by the Regulations of the Investment Council which prescribes standards designed to insure the quality of investments and to minimize the risks related to investments. To date, the Fund has never defaulted on principal or interest on any short-term security held by its participants. Further, a reserve is being accumulated as additional protection for other than State participants. Finally, the Council monitors eligible securities on a regular basis.

C. Cash Management Plan

In accordance with N.J.S. 40A:5-14, every municipality shall adopt a cash management plan and shall deposit and invest its funds pursuant to that plan. The plan shall be approved annually by majority vote of the governing body and may be modified from time to time in order to reflect changes in federal or state law or regulations. The chief financial officer shall be charged with administering the plan.

When an investment in bonds maturing in more than one year is authorized, the maturity of those bonds shall approximate the prospective use of the funds invested.

The plan also requires a monthly report to the governing body summarizing all investments made or redeemed since the previous report shall include, at a minimum, the specific detailed information as set forth in the statute.

NOTE 7: CASH AND CASH EQUIVALENTS**D. Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified to credit risk by the following categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Insured:		
FDIC	\$ 250,000.00	250,000.00
GUDPA	<u>15,243,967.79</u>	<u>19,737,706.16</u>
	<u>\$ 15,493,967.79</u>	<u>19,987,706.16</u>

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 Borough does not have a formal policy for custodial credit risk.

State law limits investments as noted above.

During the year, the Borough had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of the year, no such investments were held by the Borough.

NOTE 8: TAXES COLLECTED IN ADVANCE

Taxes collected in advance set forth as cash liabilities in the financial statements, are as follows:

	<u>Balance December 31</u>	
	<u>2022</u>	<u>2021</u>
Prepaid Taxes	<u>\$ 270,136.49</u>	<u>340,823.08</u>
Cash Liability for Taxes Collected in Advance	<u>\$ 270,136.49</u>	<u>340,823.08</u>

NOTE 9: ASSESSMENT AND COLLECTION OF PROPERTY TAXES

New Jersey statutes require that taxable valuation of real property be prepared by the Borough Tax Assessor as of October 1 in each year and filed with the County Board of Taxation (Board) by January 10 of the following year. Upon the filing of certified adopted budgets by the Borough, Local School District and County, the tax rate is struck by the Board based on the certified amounts in each of the taxing districts for collection to fund the budgets. Pursuant to statute, this process is to be completed on or before May 3, with a completed duplicate of the tax rolls to be delivered to the Borough Tax Collector (Collector) on or before May 13th.

Tax bills are prepared then mailed by the Collector of the Borough annually and set forth the final tax for the tax year. The bill contains a credit for installments on August 1st of the tax year. In addition the property owner receives a preliminary bill for the succeeding year based on one half of the prior year's tax. The preliminary payments are due and payable on February 1st and May 1st. The N.J. statutes allow a grace period of 10 days for each payment period and the Borough granted this option to taxpayers. Taxes become delinquent if not paid on the installment dates and become subject to interest penalties of 8% or 18% of the amount delinquent. If taxes are subject to "Tax Sale" which places a tax lien on the property allowing the holder to enforce the tax lien on real estate as of January 1st of the current tax year even though the amount due is not known.

NOTE 10: DEFERRED CHARGES TO FUTURE TAXATION FUNDED AND UNFUNDED

Upon the authorization of capital projects, the Borough establishes deferred charges for the cost of the capital projects to be raised by future taxation. Funded deferred charges relate to permanent debt issued, whereas unfunded deferred charges relate to temporary or non-funding of the authorized cost of capital projects. According to the New Jersey Statutes Annotated 40A:2-4, the Borough may levy taxes on all taxable property within the local unit to repay the debt. Annually, the Borough raises the debt requirements for the particular year in the current budget. As funds are raised, the deferred charges are reduced.

NOTE 11: LITIGATION

It is the opinion of the Borough officials that there is no litigation threatened or pending that would materially affect the financial position of the Borough or adversely affect the Borough to levy, collect and enforce the collection of taxes or other revenue for the payment of its bonds or other obligations.

Negligence and other types of liability suits, of which the Borough is aware, appear to be with the stated policy limits and would be deferred by the respective carriers.

NOTE 12: FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Borough of Sea Girt in estimating its fair value disclosures for financial instruments.

Cash and Cash Equivalents: The carrying amounts reported in the combined balance sheet for cash and cash equivalents are the fair values of those assets.

NOTE 13: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; error or omission, injuries to employees; and natural disaster. The Borough is a member of the Monmouth County Municipal Joint Insurance Fund. The joint insurance pool is both an insured and self-administered group of municipalities established for the purpose of insuring against property damage, general liability, motor vehicles and equipment liability and workmen's compensation. The Joint Insurance Fund will be self-sustaining through member premiums. The Joint Insurance Fund participates in the Municipal Excess Liability Program which has a contract for excess liability insurance for property.

NOTE 14: DEFERRED COMPENSATION

The Borough's Deferred Compensation Program is offered to all Borough employees. The program was created in accordance with Section 457 of the Internal Revenue Code. The program is offered by the Borough through a program administrator, Nationwide Retirement Solutions. The program had a balance of \$630,834.86 at December 31, 2022.

All compensation deferred under the program and all income attributable to these amount are solely the property of the employee.

Federal law effective August 20, 1996 provides that deferrals under Section 457 are to be held in trust for the exclusive benefits of participants and their beneficiaries.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES – DECEMBER 31, 2022

No interfund receivables and payables existed as of December 31, 2022.

NOTE 16: ACCRUED SICK BENEFITS

The Borough has permitted employees, within certain limitations, to accrue unused sick time, which may be taken as time off or paid at a later date at an agreed upon rate. The Borough at December 31, 2022 has a balance of \$552,013.99, of which \$14,051.59 is funded.

NOTE 17: LOCAL DISTRICT SCHOOL TAXES

Local District School Taxes have been raised and liabilities deferred. Section 13 of P.L. 1991, Chapter 63 provides that any municipality that levies school taxes on a calendar year may defer from the taxes collected up to 50% of the levy. The amounts of these collections so deferred shall be regarded as fund balance to offset the local property tax levy for municipal purposes. At December 31, 2022 and December 31, 2021 the taxes due the school district are as follows:

	<u>Local District School Tax</u>	
	<u>2022</u>	<u>2021</u>
Balance of Taxes	\$ 2,422,522.26	2,379,831.74
Deferred	<u>883,202.00</u>	<u>883,202.00</u>
Total Tax Payable	<u>\$ 1,539,320.26</u>	<u>1,496,629.74</u>

NOTE 18: CONTINGENT LIABILITIES**State and Federal Grants**

The Borough receives financial assistance from the State of New Jersey and the U.S. government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of the funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by grantors. As a result of these audits, costs previously reimbursed could be disallowed and require repayment to the grantor agency. As of December 31, 2022, the Borough estimates that no material liabilities will result from such audits.

NOTE 19: LEASES

In 2022, the Borough entered into agreements to lease its boardwalk concession stand for 2022, with the option to renew for two additional seasons with Mark S. Cure. The tenant in 2022 paid the Borough \$43,000.00 in rent.

A right-of-way use agreement with Verizon Wireless was entered into in 2016. The agreement is for seven years with 2 additional seven year renewal options for a maximum of 21 years. During 2022, the Borough received \$95,856.67 from Verizon.

NOTE 20: SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 25, 2023, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

BOROUGH OF SEA GIRT

COUNTY OF MONMOUTH

PART II

SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2022

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collections 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>% of Collection</u>
2022	\$ 17,800,885.37	17,702,084.04	99.44%
2021	17,009,412.76	16,861,786.65	99.13%
2020	17,481,286.47	17,367,966.23	99.35%

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 three years.

<u>Year Ended Dec. 31</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2022	\$ 660.15	99,742.54	100,402.69	0.66%
2021	475.69	131,390.79	131,866.48	0.87%
2020	240.37	113,524.80	113,765.17	0.65%

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2022 by foreclosure or deed, as a result of liquidation of tax title liens.

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

<u>Year</u>	<u>Amount</u>
2022	\$ -
2021	-
2020	-

COMPARISON OF WATER-SEWER UTILITY LEVIES

<u>Year</u>	<u>Levy</u>	<u>Collections</u>
2022	\$ -	- *
2021	1,638,501.72	1,525,381.98 *
2020	1,673,077.14	1,696,694.10 *

*Includes collections against prior years.

COMPARATIVE SCHEDULE OF FUND BALANCES

	Year	Balance December 31	Utilized in Budget of Succeeding Year
<u>Current Fund</u>	2022	\$ 2,784,972.99	1,100,000.00
	2021	2,213,035.75	1,100,000.00
	2020	2,721,066.82	1,725,000.00
<u>Water-Sewer Utility</u>	2022	607,256.26	357,036.67
	2021	511,685.94	318,221.69
	2020	793,411.09	508,117.17
<u>Beach Utility</u>	2022	623,934.23	568,750.00
	2021	812,867.53	568,950.00
	2020	640,002.42	368,100.00

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

	2022	2021	2020
Total Tax Rate	\$ 0.625	0.636	0.664
<u>Apportionment of Tax Rate</u>			
Municipal	\$ 0.217	0.215	0.191
County	0.236	0.241	0.291
Local School	0.172	0.180	0.182
<u>Assessed Valuation</u>			
2022	\$ 2,824,308,600		
2021		2,646,977,600.00	
2020			2,611,911,000.00

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under review:

<u>Name</u>	<u>Position</u>	<u>Amount of Bond</u>
Donald Fetzer	Mayor	
Diane Anthony	Councilwoman	
Tom Downey	Councilman	
Mark Clemmensen	Councilman	
Alan Zakin	Councilman	
Bryan Perry	Councilman	
Dr. Maria Richman	Councilwoman	
James Gant	Borough Business Administrator	
Dawn Harriman	Borough Clerk, Registrar of Vital Statistics, and Office for Searches for Municipal Improvements	
Amy Spera	Chief Financial Officer	
Karen Brisben	Tax Collector	\$1,000,000.00
Scott Kineavy	Tax Assessor	
Paul J. Capotorto	Judge	
Amanda Prinzo	Court Administrator	
Raymond Bogan	Attorney	
James Freda	Beach Manager	
Michael McArthur	Public Works Manager	
Peter R. Avakian	Engineer	
John Cantalupo, Esq.	Bond Counsel	

There was \$250,000.00 with the Joint Insurance Fund for "Faithful Performance Blanket Coverage".
The Beach Manager is covered under this policy.

All of the bonds were examined and were properly executed.

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-4

CURRENT FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Current</u>	<u>Grants</u>
Balance December 31, 2021	A	\$ 6,091,377.68	219,296.82
Increased by:			
Taxes Receivable	A-5	17,479,074.71	
Prepaid Taxes	A	270,136.49	
Revenue Accounts Receivable	A-8	1,070,549.36	
State for Veterans & Senior Citizens	A-6	13,250.00	
Miscellaneous	A	4,129.86	
Various Reserves	A-9	852,627.99	
Appropriated Grants	A-15		35,042.73
Unappropriated Grants	A-16		93,514.61
		19,689,768.41	128,557.34
		25,781,146.09	347,854.16
Decreased by:			
Budget Appropriations	A-3	6,018,570.82	
Appropriation Reserves	A-10	818,460.01	
Various Reserves	A-9	158,454.39	
County Taxes Payable	A-12	6,703,655.43	
Local District School Tax	A-13	4,802,346.48	
Appropriated Grants	A-15		42,508.00
		18,501,487.13	42,508.00
Balance December 31, 2022	A	\$ 7,279,658.96	305,346.16

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-5

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS

OF PROPERTY TAX LEVY

Year	Balance Dec. 31, 2021	2022 Levy	Cash		Veterans and Senior Citizens	Transfer to Tax Title Liens	Discount Allowed/ Cancelled	Balance Dec. 31, 2022
			2021	2022				
2021	\$ 131,390.79	-	-	130,813.75	-	-	577.04	-
2022		17,800,885.37	340,823.08	17,348,260.96	13,125.00	184.46	(1,250.67)	99,742.54
		17,800,885.37	340,823.08	17,479,074.71	13,125.00	184.46	(673.63)	99,742.54
Ref.	A		A	A-4	A-6	A		A
<u>Analysis of Tax Levy</u>								
General Purpose Tax				\$ 17,629,625.08				
Added Taxes				171,260.29				
					\$ 17,800,885.37			
Local District School Tax (Abstract)		A-13			\$ 4,845,037.00			
General County Tax (Abstract)				5,876,548.80				
County Open Space Fund (Abstract)				763,046.34				
Due County For Added Taxes				64,677.16	6,704,272.30			
		A-12						
Local Taxes for Municipal Purposes		A-2		6,122,886.14				
Added Taxes				128,689.93	6,251,576.07			
					\$ 17,800,885.37			

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**CURRENT FUND****Exhibit A-6****SCHEDULE OF DUE TO STATE OF NEW JERSEY****PER CHAPTER 20, P.L. 1971**

	Ref.	
Balance December 31, 2021 (Due From)	A	\$ 4,885.90
Increased by:		
Deductions Per Tax Billing:		
Veterans		13,000.00
Veterans Allowed by Tax Collector		<u>125.00</u>
	A-5	<u>13,125.00</u>
		18,010.90
Decreased by:		
Received From the State	A-4	<u>13,250.00</u>
Balance December 31, 2022 (Due From)	A	<u><u>\$ 4,760.90</u></u>

SCHEDULE OF TAX TITLE LIENS**Exhibit A-7**

	Ref.	
Balance December 31, 2021	A	\$ 475.69
Increased by:		
Transfer from 2022 Taxes	A-5	<u>184.46</u>
Balance December 31, 2022	A	<u><u>\$ 660.15</u></u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-8

SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

AS OF DECEMBER 31, 2022

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Accrued</u>	<u>Receipts</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Licenses:					
Alcoholic Beverages	A-2	\$ -	10,663.94	10,663.94	
Other	A-2		79,069.56	79,069.56	
Municipal Court	A-2	1,239.51	167,117.40	161,693.53	6,663.38
Energy Receipts Tax	A-2		196,340.00	196,340.00	
Regional Code Construction Department	A-2		172,994.00	172,994.00	
Interest & Costs on Taxes	A-2		30,895.58	30,895.58	
Zoning Permits	A-2		72,910.54	72,910.54	
Fire Bureau Code Enforcement	A-2		47,787.50	47,787.50	
Code Enforcement	A-2		30,000.00	30,000.00	
Utility Operating Surplus	A-2		31,250.00	31,250.00	
Interest on Investments	A-2		129,853.44	129,853.44	
		<u>1,239.51</u>	<u>968,881.96</u>	<u>963,458.09</u>	<u>6,663.38</u>
Miscellaneous Revenue Not Anticipated:					
Administrative Fees			5,400.00	5,400.00	
Insurance Proceeds			23,861.52	23,861.52	
Property Maintenance Code			25,580.00	25,580.00	
Other			52,249.75	52,249.75	
	A-2	<u>-</u>	<u>107,091.27</u>	<u>107,091.27</u>	<u>-</u>
		<u>\$ 1,239.51</u>	<u>1,075,973.23</u>	<u>1,070,549.36</u>	<u>6,663.38</u>
Ref.	A			A-4	A

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

CURRENT FUND

Exhibit A-9

SCHEDULE OF VARIOUS RESERVES

AS OF DECEMBER 31, 2022

	Balance Dec. 31, 2021	Increased	Decreased	Balance Dec. 31, 2022
Reserved For:				
Off Duty Police	\$ -	123,831.49	123,831.49	-
Library	828.15			828.15
Library - State Aid		961.00		961.00
Revaluation	14,585.74			14,585.74
Tax Appeals	9,326.45	9,326.45	18,652.90	-
Emergency Road Repair	2,313.50			2,313.50
LOSAP	3,219.91			3,219.91
Library Funds		512,678.59		512,678.59
Library Funds - Capital		100,000.00		100,000.00
Municipal Relief Fund Aid		10,241.86		10,241.86
Lawsuit Settlement	125,000.00	75,000.00		200,000.00
Bureau of Fire Safety	66,043.80	20,588.60	7,212.80	79,419.60
Codification	30,251.25		8,757.20	21,494.05
	\$ 251,568.80	852,627.99	158,454.39	945,742.40
Ref.	A	A-4	A-4	A

CURRENT FUND

Exhibit A-10

SCHEDULE OF APPROPRIATION RESERVES

Balance December 31, 2021	<u>Ref.</u> A		\$ 1,459,949.47
Increased by:			
Encumbrances	A-10		<u>185,699.86</u>
			1,645,649.33
Decreased by:			
Disbursed	A-4	818,460.01	
Lapsed to Operations	A-1	<u>827,189.32</u>	
			<u>\$ 1,645,649.33</u>

SCHEDULE OF ENCUMBRANCES

Exhibit A-11

Balance December 31, 2021	<u>Ref.</u> A		\$ 185,699.86
Increased by:			
Budget	A-3		<u>215,220.90</u>
			400,920.76
Decreased by:			
To Appopriation Reserves	A-9		<u>185,699.86</u>
Balance December 31, 2022	A		<u>\$ 215,220.90</u>

CURRENT FUND**SCHEDULE OF COUNTY TAXES PAYABLE**

	<u>Ref.</u>		
Balance December 31, 2021	A		\$ 64,060.29
Increased by:			
2022 Levy:			
General County Tax		5,876,548.80	
County Open Space Fund		763,046.34	
Due County For Added and Omitted Taxes		<u>64,677.16</u>	
	A-5		<u>6,704,272.30</u>
			<u>6,768,332.59</u>
Decreased by:			
Payments	A-4		<u>6,703,655.43</u>
Balance December 31, 2022	A		<u><u>\$ 64,677.16</u></u>

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX

	<u>Ref.</u>		
Balance December 31, 2021			
School Tax Payable	A	\$ 1,496,629.74	
School Tax Deferred		<u>883,202.00</u>	
			2,379,831.74
Increased by:			
Levy School Year July 1, 2021 - June 30, 2022	A-5		<u>4,845,037.00</u>
			<u>7,224,868.74</u>
Decreased by:			
Payments	A-4		<u>4,802,346.48</u>
Balance December 31, 2022			
School Tax Payable	A	1,539,320.26	
School Tax Deferred		<u>883,202.00</u>	
			<u><u>\$ 2,422,522.26</u></u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit A-14

FEDERAL AND STATE GRANT FUNDSCHEDULE OF GRANTS RECEIVABLE

	Balance Dec. 31, 2021	Budget Revenue Realized	Received	Balance Dec. 31, 2022
DOT Road Grant	\$ 196,022.61			196,022.61

Ref.

A

A

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

FEDERAL AND STATE GRANT FUND

Exhibit A-15

SCHEDULE OF APPROPRIATION RESERVES

	Balance Dec. 31, 2021	Budget	Expended	Balance Dec. 31, 2022
Body Armor	\$ 1,236.62	935.76		2,172.38
Driving While Intoxicated		19,305.00	19,305.00	
Distracted Driving		7,000.00	7,000.00	
Body Worn Cameras	61,140.00		16,203.00	44,937.00
Clean Communities	35,250.22	7,801.97		43,052.19
Alcohol Education and Rehabilitation	5,736.35			5,736.35
Stormwater Regulations	6,984.51			6,984.51
	<u>\$ 110,347.70</u>	<u>35,042.73</u>	<u>42,508.00</u>	<u>102,882.43</u>
Ref.	A	A-4	A-4	A

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**FEDERAL AND STATE GRANT FUND****Exhibit A-16****SCHEDULE OF UNAPPROPRIATED RESERVES**

	Balance Dec. 31, 2021	Received	Balance Dec. 31, 2022
Drunk Driving Enforcement	\$ 18,975.00		18,975.00
Alcohol Education	292.93		292.93
Fire Safety Grant	500.00		500.00
Clean Communities	7,204.99		7,204.99
Body Armor		1,144.61	1,144.61
American Rescue Plan	92,370.00	92,370.00	184,740.00
	<u>\$ 119,342.92</u>	<u>93,514.61</u>	<u>212,857.53</u>
Ref.	A	A-4	A

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit B-1

TRUST FUND

SCHEDULE OF CASH - COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Dog License</u>	<u>Other</u>
Balance December 31, 2021	B	\$ 7,054.28	980,349.99
Increased by Receipts:			
Dog Receipts	B-2	910.95	
State Registration Fees	B-3	96.00	
Law Enforcement Trust	B-4		9.39
Deferred Sick Leave	B-5		50,821.41
Unemployment	B-7		24,608.13
Police Escrow	B-8		15.54
Library Fund	B-9		104,498.91
Recreation Fund	B-10		523,842.33
Walker Escrow Account	B-12		5.09
Various Reserves	B-6		169,684.60
		<u>1,006.95</u>	<u>873,485.40</u>
		8,061.23	1,853,835.39
Decreased by Disbursements:			
Dog Fund Expenditures	B-2	363.53	
State Registration Fees	B-3	96.00	
Deferred Sick Leave	B-5		89,828.99
Unemployment	B-7		19,617.03
Police Escrow	B-8		15.54
Recreation Fund	B-10		349,771.98
Various Reserves	B-6		148,614.36
		<u>459.53</u>	<u>607,847.90</u>
Balance December 31, 2022	B	<u>\$ 7,601.70</u>	<u>1,245,987.49</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES****Exhibit B-2**

	<u>Ref.</u>	
Balance December 31, 2021	B	\$ 7,054.28
Increased by Receipts:		
Dog License Fees Collected	B-1	910.95
		<u>7,965.23</u>
Decreased by:		
Dog Fund Expenditures	B	363.53
Balance December 31, 2022	B	<u>\$ 7,601.70</u>

SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES**DUE TO/(FROM) STATE OF NEW JERSEY****Exhibit B-3**

	<u>Ref.</u>	
Increased by:		
Dog License Fees Collected	B-1	\$ 96.00
Decreased by:		
State Registration Fees Paid	B-1	\$ 96.00

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**SCHEDULE OF RESERVE FOR LAW ENFORCEMENT TRUST****Exhibit B-4**

Balance December 31, 2021	<u>Ref.</u> B	\$ 792.47
Increased by:		
Receipts	B-1	<u>9.39</u>
Balance December 31, 2022	B	<u>\$ 801.86</u>

SCHEDULE OF RESERVE FOR DEFERRED SICK LEAVE**Exhibit B-5**

Balance December 31, 2021	<u>Ref.</u> B	\$ 53,059.17
Increased by:		
Receipts	B-1	<u>50,821.41</u>
		103,880.58
Decreased by:		
Disbursements	B-1	<u>89,828.99</u>
Balance December 31, 2022	B	<u>\$ 14,051.59</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

TRUST FUND

SCHEDULE OF VARIOUS RESERVES

Exhibit B-6

	<u>Ref.</u>	
Balance December 31, 2021	B	\$ 338,892.83
Increased by:		
Receipts	B-1	<u>169,684.60</u>
		508,577.43
Decreased by:		
Disbursed	B-1	<u>148,614.36</u>
Balance December 31, 2022	B	<u><u>\$ 359,963.07</u></u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**Exhibit B-7****TRUST FUND****SCHEDULE OF RESERVES FOR UNEMPLOYMENT**

Balance December 31, 2021	<u>Ref.</u> B	\$ 109,504.79
Increased by:		
Receipts	B-1	<u>24,608.13</u>
		134,112.92
Decreased by:		
Disbursed	B-1	<u>19,617.03</u>
Balance December 31, 2022	B	<u><u>\$ 114,495.89</u></u>

SCHEDULE OF RESERVE FOR POLICE ESCROW**Exhibit B-8**

Balance December 31, 2021	<u>Ref.</u> B	\$ 1,698.85
Increased by:		
Receipts	B-1	<u>15.54</u>
		1,714.39
Decreased by:		
Disbursed	B-1	<u>15.54</u>
Balance December 31, 2022	B	<u><u>\$ 1,698.85</u></u>

TRUST FUND**SCHEDULE OF RESERVE FOR LIBRARY TRUST FUND**

Balance December 31, 2021	<u>Ref.</u> B	\$ 222,635.95
Increased by:		
Receipts	B-1	<u>104,498.91</u>
Balance December 31, 2022	B	<u><u>\$ 327,134.86</u></u>

SCHEDULE OF RESERVE FOR RECREATION**Exhibit B-10**

Balance December 31, 2021	<u>Ref.</u> B	\$ 247,054.96
Increased by:		
Receipts	B-1	<u>523,842.33</u>
		770,897.29
Decreased by:		
Disbursements	B-1	<u>349,771.98</u>
Balance December 31, 2022	B	<u><u>\$ 421,125.31</u></u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**TRUST FUND****Exhibit B-11****SCHEDULE OF RESERVES FOR FLEXIBLE SPENDING ACCOUNT**

	<u>Ref.</u>	
Balance December 31, 2021 and 2022	B	<u>\$ 1,700.00</u>

SCHEDULE OF RESERVE FOR WALKER ESCROW ACCOUNT**Exhibit B-12**

	<u>Ref.</u>	
Balance December 31, 2021	B	\$ 5,010.97
Increased by:		
Receipts	B-1	<u>5.09</u>
Balance December 31, 2022	B	<u>\$ 5,016.06</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**GENERAL CAPITAL FUND****Exhibit C-2****SCHEDULE OF CASH - CHECKING**

Balance December 31, 2021	<u>Ref.</u> C		\$ 6,670,547.22
Increased by:			
Bond Anticipation Notes	C-8	635,250.00	
Note Sale Premium	C-3	3,498.00	
Fire Company Donation	C-3	127,500.00	
Capital Improvement Fund	C-5	<u>100,000.00</u>	
			<u>866,248.00</u>
			7,536,795.22
Decreased by:			
Improvement Authorizations	C-6	690,690.00	
Bond Anticipation Notes	C-8	3,681,500.00	
Encumbrances Payable	C	<u>453,945.70</u>	
			<u>4,826,135.70</u>
Balance December 31, 2022	C		<u><u>\$ 2,710,659.52</u></u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit C-3

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL CASH

	Balance Dec. 31, 2021	Receipts	Disbursements	Transfers		Balance Dec. 31, 2022
				From	To	
Fund Balance	\$ 403,180.85					403,580.85
Capital Improvement Fund	471,709.60	100,000.00		75,250.00		496,459.60
Reserve to Pay Debt	30,370.42	130,749.00				161,119.42
Reserve for Encumbrances	1,250,276.03		453,945.70	3,551.00		792,779.33
Financing	4,053,690.15	249.00				4,053,939.15
Bond Anticipation Notes	3,681,500.00	635,250.00	3,681,500.00			635,250.00
Grants Receivable	(185,628.81)					(185,628.81)
Improvement Authorizations	(3,034,551.02)		690,690.00		78,801.00	(3,646,440.02)
	<u>\$ 6,670,547.22</u>	<u>866,248.00</u>	<u>4,826,135.70</u>	<u>78,801.00</u>	<u>78,801.00</u>	<u>2,711,059.52</u>
Ref.	C	C-2	C-2		C	

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

GENERAL CAPITAL FUND

SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED

Exhibit C-4

<u>Ordinance Number</u>	<u>Description</u>	<u>Balance Dec. 31, 2021</u>	<u>2022 Authorizations</u>	<u>Balance Dec. 31, 2022</u>
13-2021	Various General Improvements	\$ 60,000.00		60,000.00
07-2022	Various General Improvements	-	1,429,750.00	1,429,750.00
		<u>\$ 60,000.00</u>	<u>1,429,750.00</u>	<u>1,489,750.00</u>
		Ref. C	C-6	C

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTHGENERAL CAPITAL FUND

Exhibit C-5

SCHEDULE OF CAPITAL IMPROVEMENT FUND

	<u>Ref.</u>	
Balance December 31, 2021	C	\$ 471,709.60
Increased by:		
Budget Appropriations	A-3	<u>100,000.00</u>
		571,709.60
Decreased by:		
Improvement Authorizations	C-6	<u>75,250.00</u>
Balance December 31, 2022	C	<u>\$ 496,459.60</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit C-6

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance	Balance Dec. 31, 2021		2022 Authorizations	Encumbrance Cancelled	Expended	Balance Dec. 31, 2022	
	Funded	Unfunded				Funded	Unfunded
2012-08 Various General Improvements	\$ 901.12					901.12	
2014-06 Acquisition of Equipment	0.90					0.90	
2014-6 Various Equipment	1,299.04					1,299.04	
2015-06 Acquisition of Equipment		0.43					0.43
2015-14 Various General Improvements	1,014.00					1,014.00	
2016-03 Road Improvements		43,346.97					43,346.97
2016-04 Acquisition of Equipment		21.08					21.08
2016-05 USF Remediation	550.00					550.00	
2018-13 Various General Improvements		50,954.59					50,954.59
2017-09 Various General Improvements		12,231.65					12,231.65
2019-03 Various General Improvements		170,325.97					170,325.97
2019-06 Various General Improvements		133,885.54		239.18			134,124.72
2019-08 Various General Improvements	28,240.00					28,240.00	
2020-5 Various General Improvements		297,570.46			687.53		296,882.93
2021-12 Various General Improvements		297,385.58			278,318.58		19,067.00
2021-13 Bell Place Park		41,012.50		6,560.12			47,572.62
2022-7 Various General Improvements	-		1,505,000.00		411,683.89		1,093,316.11
	\$ 32,005.06	1,046,734.77	1,505,000.00	6,799.30	690,690.00	32,005.06	1,867,844.07
Ref.	C	C			C-2	C	C
			Ref.				
Capital Improvement Fund			C-5	\$ 75,250.00			
Deferred Charges Unfunded			C-4	1,429,750.00			
				\$ 1,505,000.00			

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit C-7

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

Description	Date of Issue	Amount of Original Issue	Maturities		Interest Rate	Balance Dec. 31, 2021	Decreased	Balance Dec. 31, 2022
			Date	Amount				
General Improvements	12/19/2012	\$ 3,280,000.00	12/1/23	\$ 240,000.00	4.00%	\$ 1,510,000.00	230,000.00	1,280,000.00
			12/1/24	250,000.00	2.00%			
			12/1/25	255,000.00	3.00%			
			12/1/26	265,000.00	2.00%			
			12/1/27	270,000.00	2.00%			
General Improvements	12/31/2021	2,990,000.00	12/1/23-30	165,000.00	4%-5%	2,990,000.00	165,000.00	2,825,000.00
			12/1/31	225,000.00	5.00%			
			12/1/32	300,000.00	5.00%			
			12/1/33	320,000.00	4.00%			
			12/1/34-35	330,000.00	4.00%			
						\$ 4,500,000.00	395,000.00	4,105,000.00
Ref.						C	A-3	C

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

SCHEDULE OF BOND ANTICIPATION NOTES

Exhibit C-8

GENERAL CAPITAL

Ordinance Number	Date of		Amount of Original Issue	Interest Rate	Balance Dec. 31, 2021	Notes Issued	Notes Paid	Balance Dec. 31, 2022
	Issue	Maturity						
07-2014	10/22/20	2/18/22	\$ 617,000.00	0.22%	\$ 91,800.00		91,800.00	-
05-2015	10/22/20	2/18/22	1,059,000.00	0.22%	528,000.00		528,000.00	-
06-2015	10/22/20	2/18/22	129,000.00	0.22%	56,675.00		56,675.00	-
03-2016	10/22/20	2/18/22	712,500.00	0.22%	363,575.00		363,575.00	-
04-2016	10/22/20	2/18/22	176,500.00	0.22%	88,250.00		88,250.00	-
09-2017	10/22/20	2/18/22	425,320.00	0.22%	255,750.00		255,750.00	-
13-2018	10/22/20	2/18/22	133,000.00	0.22%	92,000.00		92,000.00	-
06-2019	10/22/20	2/18/22	446,000.00	0.22%	354,000.00		354,000.00	-
05-2020	10/22/21	2/18/22	1,327,200.00	0.22%	1,194,450.00		1,194,450.00	-
12-2100	10,20/21	2/18/22	657,000.00	0.22%	657,000.00		657,000.00	-
07-2022	12/8/22	12/8/23	632,250.00	4.50%		632,250.00		632,250.00
					<u>\$ 3,681,500.00</u>	<u>632,250.00</u>	<u>3,681,500.00</u>	<u>632,250.00</u>
				Ref.	C	C-9	A-3	C

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit C-9

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED

BUT NOT ISSUED

Ordinance Number	Description	Balance Dec. 31, 2021	2022 Authorizations	Funded by Note Premium	Bonds or Notes Issued	Balance Dec. 31, 2022
05-2015	Road Improvements	\$ 250.00		250.00		-
13-2020	Various Improvements	60,000.00				60,000.00
7-2022	Various Improvements		1,429,750.00		632,250.00	797,500.00
		\$ 60,250.00	1,429,750.00	250.00	632,250.00	857,500.00
Ref.	C		C-6		C-8	C

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit D-5

WATER-SEWER UTILITY OPERATING AND CAPITAL FUND

SCHEDULE OF CASH

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2021	D	\$ 739,229.55	3,838,299.47
Increased by:			
Consumer Accounts Receivable	D-6	1,658,674.49	
Brielle Interlocal	D-3	88,315.00	
Prepaid Water & Sewer Fees	D	2,605.62	
Jet Vac Reimbursement - Borough of Brielle	D-12		46,025.91
Capital Improvement Fund	D-5		100,000.00
Miscellaneous Revenue	D-3	114,089.65	
		<u>1,863,684.76</u>	<u>146,025.91</u>
		2,602,914.31	3,984,325.38
Decreased by:			
Encumbrances	D		233,373.07
Appropriation Reserve	D-8	8,106.77	
Bond Anticipation Notes	D-19		1,894,000.00
Improvement Authorizations	D-12		34,948.01
Budget Appropriations	D-4	<u>1,824,965.12</u>	
		<u>1,833,071.89</u>	<u>2,162,321.08</u>
Balance December 31, 2022	D	\$ 769,842.42	<u>1,822,004.30</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit D-6

WATER-SEWER UTILITY CAPITAL FUND

SCHEDULE OF CASH

	Balance Dec. 31, 2021	Receipts	Disbursements	From	To	Balance Dec. 31, 2022
Fund Balance	\$ 16,250.40					16,250.40
Capital Improvement Fund	347,900.00	146,025.91				493,925.91
Encumbrances	326,183.63		233,373.07			92,810.56
Reserve to Pay Debt	178,019.95					178,019.95
Bond Anticipation Notes	1,894,000.00		1,894,000.00			-
Loans Payable	2,448,911.92			305,712.76		2,143,199.16
Serial Bonds	2,275,000.00			140,000.00		2,135,000.00
Improvement Authorizations	(3,647,966.43)		34,948.01		445,712.76	(3,237,201.68)
	<u>\$ 3,838,299.47</u>	<u>146,025.91</u>	<u>2,162,321.08</u>	<u>445,712.76</u>	<u>445,712.76</u>	<u>1,822,004.30</u>

Ref.	D-4	D-4	D-4	D
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BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**WATER-SEWER UTILITY OPERATING FUND****Exhibit D-7****SCHEDULE OF CONSUMER ACCOUNTS RECEIVABLE**

Balance December 31, 2021	<u>Ref.</u> D		\$ 210,397.15
Increased by:			
Water-Sewer Rents Levied			<u>1,622,060.05</u>
			1,832,457.20
Decreased by:			
Receipts	D-5	1,658,674.49	
Prepayments Applied	D	5,173.11	
Other		<u>19,214.35</u>	
			<u>1,683,061.95</u>
Balance December 31, 2022	D		<u><u>\$ 149,395.25</u></u>

SCHEDULE OF APPROPRIATION RESERVES**Exhibit D-8**

Balance December 31, 2021	<u>Ref.</u> D		\$ 169,868.32
Increased by:			
Encumbrances	D		<u>12,625.45</u>
			182,493.77
Decreased by:			
Disbursed	D-4	8,106.77	
Lapsed to Surplus	D-2	<u>174,387.00</u>	
			<u><u>\$ 182,493.77</u></u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-9****SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION**

Balance December 31, 2021	<u>Ref.</u> D		\$ 8,293,031.51
Increased by:			
Bond Payments	D-17	140,000.00	
Loan Payments	D-16	<u>305,712.76</u>	
			<u>445,712.76</u>
Balance December 31, 2022	D		<u><u>\$ 8,738,744.27</u></u>

SCHEDULE OF ACCRUED INTEREST**Exhibit D-10**

Balance December 31, 2021 and 2022	<u>Ref.</u> D		<u><u>\$ 33,976.73</u></u>
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BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH**WATER-SEWER UTILITY CAPITAL FUND****Exhibit D-11****SCHEDULE OF FIXED CAPITAL**

	Balance Dec. 31, 2021 & 2022
<u>Accounts</u>	
<u>Water System</u>	
Pumping Station, Equipment and Wells	\$ 538,070.87
Reservoirs, Tanks and Standpipes	605,544.96
Meter, Hydrants and General Equipment	108,273.68
Water Mains	1,264,950.89
Service Pipes and Stops	1,465.14
Land, Pumping Station, etc.	2,568.35
Water Filtration Plant	271,000.00
<u>Sewer System-Sanitary Sewer</u>	
Collection System	656,812.61
Infrastructure Improvements	20,000.00
	<u>\$ 3,468,686.50</u>

Ref.

D

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-12

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2021	<u>Ref.</u> D		\$ 347,900.00
Increased by:			
Jet Vac Reimbursement - Borough of Brielle	D-5	46,025.91	
2022 Budget Appropriation	D-5	<u>100,000.00</u>	
			<u>146,025.91</u>
Balance December 31, 2022	D		<u>\$ 493,925.91</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit D-13

WATER-SEWER CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Improvement Description	Balance Dec. 31, 2021		2022 Improvement Authorizations	Balance Dec. 31, 2022	
		Funded	Unfunded		Funded	Unfunded
08-2011	Various Improvements to Water Sewer System	\$ -	11,000.00			11,000.00
05-2014	Various Improvements to Water Sewer System	7,409.14			7,409.14	
02-2015	Various Improvements to Water Sewer System	20,014.50			20,014.50	
03-2015	Improvements to Baltimore Blvd.		33,739.25			33,739.25
07-2015	Acquisition of Equipment		332.90			332.90
06-2016	Acquisition of Equipment		51,821.58			51,821.58
04-2017	Various Improvements to Water Sewer System	17,569.50			17,569.50	
13-2018	Various Improvements		30,529.67			30,529.67
21-2018	Various Improvements		80,997.71			80,997.71
09-2019	Various Improvements	26,384.00			26,384.00	
06-2020	Various Improvements		561,378.50	14,948.01		546,430.49
02-2021	Jet Vac	12,948.18			12,948.18	
08-2022	Chicago Blvd Sewer Phase I			130,000.00	20,000.00	110,000.00
		<u>\$ 84,325.32</u>	<u>769,799.61</u>	<u>130,000.00</u>	<u>84,325.32</u>	<u>864,851.60</u>
Ref.		D	D	D-5	D	D
				D-4		

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

WATER-SEWER UTILITY FUND

STATEMENT OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED

Exhibit D-14

Balance December 31, 2021	<u>Ref.</u> D	\$ 12,519,225.05
Increased by:		
Ordinance #8-2022	D-13	<u>130,000.00</u>
Balance December 31, 2022	D	<u><u>\$ 12,649,225.05</u></u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-15

SCHEDULE OF RESERVE FOR AMORTIZATION

Balance December 31, 2021 and 2022	<u>Ref.</u> D	<u>\$ 3,192,788.68</u>
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BOROUGH OF SEA GIRT-COUNTY OF MONMOUTH

Exhibit D-16

WATER/SEWER UTILITY CAPITAL FUND

SCHEDULE OF ENVIRONMENTAL INFRASTRUCTURAL TRUST LOAN

<u>Description</u>	<u>Date of Loan</u>	<u>Original Amount Issued</u>	<u>Maturity</u>		<u>Interest Rate</u>	<u>Balance Dec. 31, 2021</u>	<u>Paid</u>	<u>Balance Dec. 31, 2022</u>
			<u>Date</u>	<u>Amount</u>				
Various Improvements to Water-Sewer Utilities	11/9/06	\$ 1,830,882.00	8/1/23 to 8/1/26	Variable	N/A	\$ 468,466.29	14,590.96	453,875.33
Various Improvements to Water-Sewer Utilities	11/9/06	1,845,000.00	8/1/23 to 8/1/26	Variable	4.00% to 5.00%	635,000.00	193,129.80	441,870.20
Various Improvements to Water-Sewer Utilities	12/20/10	395,000.00	8/1/23 to 8/1/30	Variable	5.00%	230,000.00	34,381.62	195,618.38
Various Improvements to Water-Sewer Utilities	12/20/10	424,258.00	8/1/23 to 8/1/30	Variable	N/A	194,152.08	7,190.81	186,961.27
Various Improvements to Water-Sewer Utilities	12/22/16	355,000.00	8/1/23 to 8/1/36	Variable	3.00% to 5.00%	300,000.00	13,806.52	286,193.48
Various Improvements to Water-Sewer Utilities	12/22/16	1,090,062.00	8/1/23 to 8/1/36	Variable	N/A	621,293.55	42,613.05	578,680.50
					Ref,	\$ 2,448,911.92	305,712.76	2,143,199.16
					D			D

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit D-17

WATER-SEWER CAPITAL FUND

SCHEDULE OF SERIAL BONDS

Description	Date of Issue	Original Amount Issued	Maturity		Interest Rate	Balance Dec. 31, 2021	Paid	Balance Dec. 31, 2022
			Date	Amount				
Various Improvements to Water-Sewer Utilities	12/19/2012	\$ 970,000.00	12/19/23-25	\$ 60,000.00	2.00/4.00%	\$ 720,000.00	55,000.00	665,000.00
			12/19/26-28	65,000.00	2.00/2.25%			
			12/19/29-30	70,000.00	3.50%			
			12/19/31-32	75,000.00	2.50%			
Various Improvements to Water-Sewer Utilities	12/30/2021	1,555,000.00	12/1/23-32	85,000.00	4-5%	1,555,000.00	85,000.00	1,470,000.00
			12/1/2033	145,000.00	5.00%			
			12/1/2034	150,000.00	4.00%			
			12/1/2035	160,000.00				
			12/1/2036	165,000.00				
						<u>\$ 2,275,000.00</u>	<u>140,000.00</u>	<u>2,135,000.00</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-18

SCHEDULE OF BONDS AND NOTES

AUTHORIZED BUT NOT ISSUED

<u>Number</u>	<u>Description</u>	<u>Balance</u> <u>Dec. 31, 2021</u>	<u>Additions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
09-2015	Utility Improvements-Outfall & Drainage	\$ 1,336,415.00		1,336,415.00
13-2018	Improvements to 8th Avenue	550,000.00		550,000.00
08-2022	Chicago Blvd Sewer Phase I		130,000.00	130,000.00
		<u>\$ 1,886,415.00</u>	<u>130,000.00</u>	<u>2,016,415.00</u>

Ref. D

D

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

WATER-SEWER UTILITY CAPITAL FUND

Exhibit D-19

SCHEDULE OF BOND ANTICIPATION NOTES

<u>Number</u>	<u>Description</u>	<u>Date Of Maturity</u>	<u>Rate Of Interest</u>	<u>Balance Dec. 31, 2021</u>	<u>Paid</u>	<u>Balance Dec. 31, 2022</u>
03-2015	Utility Improvements-Baltimore Ave.	2/18/2022	0.22%	240,000.00	240,000.00	-
04-2017	Various Water-Sewer Improvements	2/18/2022	0.22%	165,000.00	165,000.00	-
13-2018	Various Water-Sewer Improvements	2/18/2022	0.22%	385,000.00	385,000.00	-
21-2018	Various Water-Sewer Improvements	2/18/2022	0.22%	384,000.00	384,000.00	-
20-2020	Various Water-Sewer Improvements	2/18/2022	0.22%	720,000.00	720,000.00	-
				<u>\$ 1,894,000.00</u>	<u>1,894,000.00</u>	<u>-</u>
	Ref.			D	D-5	D

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit E-5

BEACH UTILITY OPERATING AND CAPITAL FUND

SCHEDULE CASH - TREASURER

	<u>Ref.</u>	<u>Operating</u>	<u>Capital</u>
Balance December 31, 2021	E	\$ 1,127,295.29	150,797.60
Increased by Receipts:			
Beach Fees	E-3	1,084,591.42	
Concession Rents	E-3	48,700.00	
Lifeguard NGTC	E-3	61,571.22	
Capital Improvement Fund	E-10		41,500.00
Prepaid Beach Fees	E	235,598.04	
Miscellaneous Revenue Not Anticipated	E-3	31,228.95	-
		<u>1,461,689.63</u>	<u>41,500.00</u>
		2,588,984.92	192,297.60
Decreased by Disbursements:			
Budget Appropriations	E-4	1,614,611.52	
Appropriation Reserves	E-7	7,509.64	
Improvement Authorizations	E-8		100.00
		<u>1,622,121.16</u>	<u>100.00</u>
Balance December 31, 2022	E	\$ 966,863.76	192,197.60

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit E-6

BEACH UTILITY CAPITAL FUND

SCHEDULE OF CASH

	Balance Dec. 31, 2021	Receipts	Disbursements	Transfers		Balance Dec. 31, 2022
	\$			From	To	
Fund Balance	75,550.93					75,550.93
Capital Improvement Fund	24,035.00	41,500.00				65,535.00
Reserve to Pay Notes and Bonds	38,589.81					38,589.81
Reserve for Amortization	(77.74)					(77.74)
<u>Improvement Authorizations</u>						
2014-22 Equipment	1,194.23					1,194.23
2017-10 Beachfront Repairs	99.80					99.80
2019-10 Retaining Wall	100.67		100.00			0.67
2019-22 Boardwalk Ramp	3.03					3.03
2020-11 Various Improvements	3,360.00					3,360.00
2021-10 Various Improvements	7,941.87					7,941.87
	<u>\$ 150,797.60</u>	<u>41,500.00</u>	<u>100.00</u>	<u>-</u>	<u>-</u>	<u>192,197.60</u>
Ref.	E	E-10	E-8			E

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

BEACH UTILITY OPERATING FUND

Exhibit E-7

SCHEDULE OF APPROPRIATION RESERVES

	<u>Ref.</u>		
Balance December 31, 2021	E		\$ 48,853.00
Increased by:			
Encumbrances	E		<u>11,997.71</u>
			60,850.71
Decreased by:			
Disbursed	E-5	7,509.64	
Lapsed to Surplus	E-2	<u>53,341.07</u>	
			<u>\$ 60,850.71</u>

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

Exhibit E-8

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

Ordinance Number	Description	Ordinance		Balance Dec. 31, 2021		2022 Authorization	Expended	Balance Dec. 31, 2022	
		Date	Amount	Funded				Funded	Unfunded
2014-22	Equipment Acquisition	12/10/2014	\$ 70,000.00	\$ 1,194.23				1,194.23	
2017-10	Boardwalk and Pavilion Impvts	6/14/2017	21,200.00	99.80				99.80	
2019-10	Retaining Wall	3/18/2019	65,000.00	100.67			100.00	0.67	
2019-22	Boardwalk Ramp	12/13/2019	50,000.00	3.33				3.33	
2020-11	Various Improvements	6/30/2020	15,000.00	3,360.00				3,360.00	
2021-10	Various Improvements	8/11/2021	57,000.00	7,941.87				7,941.87	
2022-09	ADA Beach Ramp	8/10/2022	130,000.00			130,000.00			130,000.00
				\$ 12,699.90		130,000.00	100.00	12,599.90	130,000.00
						E-9	E-5, E-6	E	E
				Ref.					

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

Exhibit E-9

BEACH UTILITY CAPITAL FUND**SCHEDULE OF FIXED ASSETS AUTHORIZED AND UNCOMPLETED**

Ordinance Number	Description	Ordinance		Balance Dec. 31, 2021	2022 Improvements	Balance Dec. 31, 2022
		Date	Amount			
2006-06	Beach Pavilion	7/26/06	\$ 200,000.00	\$ 200,000.00		200,000.00
2009-07	2009 Various General Improvements	4/22/09	107,000.00	107,000.00		107,000.00
2011-06	2011 Various General Improvements	6/1/11	92,000.00	92,000.00		92,000.00
2013-01	Boardwalk And Pavilion	3/6/13	1,750,000.00	1,750,000.00		1,750,000.00
2014-17	2014 Various General Improvements	7/9/14	80,000.00	80,000.00		80,000.00
2014-22	2014 Various General Improvements	12/10/14	70,000.00	70,000.00		70,000.00
2019-10	2019 Various General Improvements	3/18/19	65,000.00	65,000.00		65,000.00
2019-22	Philadelphia Blvd Ramp	12/23/19	50,000.00	50,000.00		50,000.00
2020-11	2020 Various	6/30/20	15,000.00	15,000.00		15,000.00
2021-10	2021 Various	8/11/21	57,000.00	57,000.00		57,000.00
2022-09	ADA Beach Ramp	8/10/22	130,000.00		130,000.00	130,000.00
				\$ 2,486,000.00	130,000.00	2,616,000.00
		Ref.		E	E-8	E

BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

Exhibit E-10

SCHEDULE OF CAPITAL IMPROVEMENT FUND

Balance December 31, 2021	<u>Ref.</u> E	\$ 24,035.00
Increased by: 2022 Budget	E-4	<u>41,500.00</u>
Balance December 31, 2022	E	<u>\$ 65,535.00</u>

SCHEDULE OF RESERVE TO PAY BONDS AND NOTES

Exhibit E-11

Balance December 31, 2021 and 2022	<u>Ref.</u> E	<u>\$ 38,589.81</u>
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BOROUGH OF SEA GIRT - COUNTY OF MONMOUTH

BEACH UTILITY CAPITAL FUND

SCHEDULE OF BEACH UTILITY CAPITAL FIXED ASSETS

Exhibit E-12

Balance December 31, 2021 an 2022	<u>Ref.</u> E	<u>\$ 3,285,318.76</u>
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BOROUGH OF SEA GIRT

COUNTY OF MONMOUTH

PART III

REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

AND ON COMPLIANCE AND OTHER MATTERS

YEAR ENDED DECEMBER 31, 2022

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

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

Honorable Mayor and Members
 of Borough Council
 Borough of Sea Girt
 County of Monmouth
 Sea Girt, New Jersey 08750

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, 2022, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated September 25, 2023, 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, we considered the Borough's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion of the effectiveness of the Borough's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Borough's internal control over financial reporting.

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 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.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and was not designed to identify all efficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. 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 consolidated financial statements are free of material misstatement, we performed tests of it 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* and audit requirements as prescribed by the Division.

This report is intended solely for the information and use of the Borough's management, the Borough Council, others within the organization, the Division, and federal and state awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart and Company
Independent Auditors

September 25, 2023

BOROUGH OF SEA GIRT

COUNTY OF MONMOUTH

PART IV

GENERAL COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2022

GENERAL COMMENTS

Scope of Audit

The audit covered the financial activities of the Treasurer, Chief Financial Officer, Tax and Utility Collector, the activities of the Mayor and Council, and the records of the various outside departments.

The audit did not and could not determine the character of services rendered for which payments had been made or for which reserves had been set up, nor could it determine the character, proper price or quantity of materials supplied for which claims had been passed. These details were necessarily covered by the internal review and control approved of such claims by the governing body.

Cash on hand was counted and cash balances reconciled with independent certifications obtained directly from the depositories.

The accrued and realized revenues for the various Borough Departments as shown on the Statement of Revenue and Schedule of Revenue Accounts Receivable are presented as recorded in the Borough records.

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

N.J.S. 40A:11-4 states "Every contract or agreement, for the performance of any work or the furnishing or hiring of any material or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate amount set forth in, or the amount calculated by the governor pursuant to, Section 3 of P.L. 1971, c. 198 (c.40A:11-2), except by contract or agreement". Effective July 1, 2020, the public contracts law was amended to change the bid threshold to \$26,000.00 and \$44,000.00 if there is a certified purchasing agent. Effective July 1, 2020, if there is no Qualified Purchasing Agent the bid threshold was adjusted to \$17,500.00 and \$2,625.00 for quotes.

The governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the above statutory limitation 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.

Where expenditures of \$2,625.00 or more are made on applicable items, the governing body has the responsibility of securing quotations as defined under the statute, or higher if the municipality has a qualified purchasing agent (\$6,600.00 with a qualified purchasing agent).

There were miscellaneous purchases through state contracts.

The minutes indicate that resolutions were adopted and advertised authorizing the awarding of contract or agreements for "Professional Services" per N.J.S. 40A:11-4.

Collection of Interest on Delinquent Taxes and Assessments

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

The governing body on January 5, 2022 adopted the following resolution authorizing interest to be charged on delinquent taxes:

“NOW THEREFORE BE IT RESOLVED, that a grace period not exceeding ten (10) days be permitted after each quarterly due date, February 1, May 1, August 1, November 1, and the rate of eight percent (8%) per annum be charged on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on the amount in excess of \$1,500.00 with delinquent interest rate retroactive to the aforesaid due dates for the year 2022”.

Sewer utility delinquencies are charged interest at the rate of 8% per annum on the first \$1,500.00 of sewer utility charges delinquent after due date and 18% per annum on any amount of charges in excess of \$1,500.00 becoming delinquent after due date.

It appears from an examination of the collector’s record that interest was collected in accordance with the foregoing resolution.

Delinquent Taxes and Tax Title Liens

The last tax sale was held on November 21, 2017 and was complete.

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

<u>Year</u>	<u>Number of Liens</u>
2022	-0-
2021	-0-
2020	-0-

Payroll

A separate bank account is maintained and gross salaries and Borough contributions for withholdings are deposited to such account. The payroll records are reconciled monthly and payments of amounts for net salaries and to agencies are properly accounted for.

Taxes and Tax Title Liens

Taxes were analyzed and the cash was in proof with the Borough records. The tax records were in good order.

There were no liens in 2022.

Verification of Delinquent Taxes and Other Charges

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

<u>Type</u>	<u>Number Mailed</u>
Delinquent Taxes	5
Unpaid Water-Sewer Utility Charges	5

For those confirmation notices which were not returned by taxpayers, we examined subsequent cash collections as an alternative procedure when possible.

Investments

A comprehensive plan of investing any excess cash on a monthly basis is in force. This program of investing funds not being used should be continued with a constant review of the best source for investments.

Certification of Funds Available

The Chief Financial Officer certified that funds are available for award of contracts by issuing a purchase order. Other expenditures, where appropriate, are authorized by the Mayor and Council at public meetings after informal review by the Chief Financial Officer as to the availability of funds.

Follow-Up on Findings and Recommendations

In accordance with Government Auditing Standards our procedures included a review of all prior year findings. There were none.

Findings and Recommendations

There were no findings and recommendations.

Appreciation

We desire to express our appreciation for the assistance and courtesies rendered by the officials and employees during the course of the audit.

* * * * *

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

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