

**BOROUGH OF SURF CITY**  
**COUNTY OF OCEAN, NEW JERSEY**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**



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COUNTY OF OCEAN, NEW JERSEY  
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**BOROUGH OF SURF CITY  
COUNTY OF OCEAN, NEW JERSEY**

**PART I**

**INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

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

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## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the Borough Council  
Borough of Surf City  
Surf City, New Jersey

### **Opinions**

We have audited the accompanying financial statements of the various funds and account group of the Borough of Surf City, which comprise the statements of assets, liabilities, reserves and fund balance – regulatory basis as of December 31, 2021 and 2020, and the related statements of operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis and statement of expenditures – regulatory basis for the year ended December 31, 2021, and the related notes to the financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, reserves and fund balance – regulatory basis of the Borough of Surf City, as of December 31, 2021 and 2020, and the results of its operations and changes in fund balance – regulatory basis for the years then ended and the statements of revenues – regulatory basis, statements of expenditures – regulatory basis for the year ended December 31, 2021, in accordance with the financial reporting provisions of the Division of Local Government Services, Department of Community Affairs, State of New Jersey as described in Note 1.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

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

### **Basis for Opinions**

We conducted our audit in accordance with 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; and in compliance with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. 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 of Surf City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

## **Responsibilities of Management for the Financial Statements**

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

## **Auditor's Responsibilities 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey 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, *Government Auditing Standards*, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Surf City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough of Surf City'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 that collectively comprise the Borough of Surf City's basic financial statements. The accompanying supplemental schedules presented for the various funds and letter of comments and recommendations section are presented for purposes of additional analysis as required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements of each of the respective individual funds and account group taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022, on our consideration of the Borough of Surf City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 effectiveness of the Borough of Surf City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Surf City's internal control over financial reporting and compliance.

Respectfully submitted,

**HOLMAN FRENIA ALLISON, P.C.**

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Lakewood, New Jersey  
November 11, 2022

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

Honorable Mayor and Members  
of the Borough Council  
Borough of Surf City  
Surf City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the financial statements-regulatory basis of the Borough of Surf City, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Borough's basic financial statements, and have issued our report thereon dated November 11, 2022. Our report indicated that the Borough's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America but rather prepared in accordance with the regulatory basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of financial statement findings as item 2021-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Borough's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which are described in the accompanying schedule of financial statement findings as Finding No. 2021-001.

## **Borough of Surf City's Response to Findings**

The Borough of Surf City's response to the findings identified in our audit is described in the accompanying schedule of financial statement findings and questioned costs. The Borough's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey in considering the Borough's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Lakewood, New Jersey  
November 11, 2022

<b>BASIC FINANCIAL STATEMENTS</b>
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**BOROUGH OF SURF CITY  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

<u>Assets</u>	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Cash - Treasurer	A-4	\$ 9,577,474.40	\$ 8,678,402.50
Cash - Change Funds	A	<u>600.00</u>	<u>600.00</u>
		<u>9,578,074.40</u>	<u>8,679,002.50</u>
Receivables With Full Reserves:			
Taxes Receivable	A-6	95,422.21	123,677.10
Tax Title Liens Receivable	A-7	998.89	956.50
Property Acquired for Taxes - Assessed Value	A	4,725.00	4,725.00
Revenue Accounts Receivable	A-8	749.60	598.22
Due From Dog License Fund	B	376.52	223.67
Due from Capital Fund	C	<u>170,828.49</u>	<u>170,720.12</u>
		<u>273,100.71</u>	<u>300,900.61</u>
		<u>9,851,175.11</u>	<u>8,979,903.11</u>
Federal and State Grant Fund:			
Grant Receivable	A-16	7,493.40	12,422.60
Due From Current Fund	A	<u>28,262.14</u>	<u>23,498.17</u>
		<u>35,755.54</u>	<u>35,920.77</u>
Total Assets		<u>\$ 9,886,930.65</u>	<u>\$ 9,015,823.88</u>

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

**BOROUGH OF SURF CITY  
CURRENT FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Appropriation Reserves	A-3, A-9	\$ 982,746.47	\$ 1,153,420.35
Encumbrances Payable	A-10	30,604.03	87,339.87
Tax Overpayments	A-4	9,923.23	-
Prepaid Taxes	A-11	428,309.18	379,722.67
Local District School Tax Payable	A-13	258,798.73	256,685.73
Regional School Tax Payable	A-14	1,949,392.91	1,774,483.41
Due To:			
Federal & State Grant Fund	A	28,262.14	23,498.17
Trust Other Fund	B	36,655.93	51,331.89
Utility Operating Fund	D	-	100,000.00
Utility Capital Fund	D	345,000.00	-
County for Added Tax	A-12	51,691.82	55,312.42
State of NJ for Exemptions	A-5	667.75	1,167.75
Reserve for Prepaid Beach Badges	A-15	27,676.00	27,787.00
Reserve for Hurricane Expense	A-15	114,818.01	76,973.20
Reserve for Library Aid	A-15	14.00	14.00
Reserve for Ocean County CARES Grant	A-15	187,862.99	-
		<u>4,452,423.19</u>	<u>3,987,736.46</u>
Reserve for Receivables	A	273,100.71	300,900.61
Fund Balance	A-1	<u>5,125,651.21</u>	<u>4,691,266.04</u>
		<u>9,851,175.11</u>	<u>8,979,903.11</u>
Federal and State Grant Fund:			
Reserve for Grant Expenditures:			
Appropriated	A-17	21,396.46	23,397.13
Unappropriated	A-18	<u>14,359.08</u>	<u>12,523.64</u>
		<u>35,755.54</u>	<u>35,920.77</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 9,886,930.65</u>	<u>\$ 9,015,823.88</u>

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



**BOROUGH OF SURF CITY**  
**CURRENT FUND**  
**STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE -**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized:			
Fund Balance Utilized	A-2	\$ 1,550,000.00	\$ 1,523,000.00
Miscellaneous Revenue Anticipated	A-2	1,143,044.84	1,115,205.33
Receipts From Delinquent Taxes	A-2	123,677.10	96,954.75
Non-Budget Revenue	A-2	189,261.36	181,725.90
Receipts From Current Taxes	A-2, A-6	17,787,103.84	16,951,067.20
Other Credits To Income:			
Unexpended Balance of Appropriation			
Reserves	A-9	1,100,643.35	918,800.25
Cancellation of Grant Appropriations	A-17	4,929.20	-
Prior Years Interfunds Returned	A-1	20,409.05	18,214.03
Total Revenues		<u>21,919,068.74</u>	<u>20,804,967.46</u>
Expenditures:			
Budget Appropriations Within "CAPS":			
Operations:			
Salaries and Wages	A-3	2,930,911.12	2,894,371.36
Other Expenses	A-3	2,828,088.88	2,778,653.64
Deferred Charges and Statutory			
Expenditures	A-3	637,093.00	591,097.00
Appropriations Excluded From "CAPS":			
Other Expenses	A-3	75,432.82	78,062.18
Capital Improvements	A-3	125,000.00	100,000.00
Deferred Charges	A-3	203,684.10	170,000.00
County Taxes	A-12	7,507,427.35	7,314,292.00
County Share of Added Taxes	A-12	51,691.82	55,312.42
Local District School Tax	A-13	861,394.00	857,168.00
Regional High School Tax	A-14	4,691,203.00	4,154,709.00
Cancellation of Grant Receivables	A-16	4,929.20	-
Interfunds Advances	A	17,828.28	55,909.07
Total Expenditures		<u>19,934,683.57</u>	<u>19,049,574.67</u>
Statutory Excess To Fund Balance		1,984,385.17	1,755,392.79
Fund Balance, January 1	A	<u>4,691,266.04</u>	<u>4,458,873.25</u>
Decreased By:		6,675,651.21	6,214,266.04
Utilized as Anticipated Revenue	A-2	<u>1,550,000.00</u>	<u>1,523,000.00</u>
Fund Balance, December 31	A	<u>\$ 5,125,651.21</u>	<u>\$ 4,691,266.04</u>

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

**BOROUGH OF SURF CITY**  
**CURRENT FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	BUDGET	SPECIAL N.J.S.A. 40:4-87	REALIZED	EXCESS/ (DEFICIT)
Fund Balance Anticipated	\$ 1,550,000.00	\$ -	\$ 1,550,000.00	\$ -
Miscellaneous Revenues:				
Licenses:				
Alcohol Beverages	1,400.00	-	1,400.00	-
Fees & Permits	10,000.00	-	25,381.00	15,381.00
Interest & Costs on Taxes	25,002.18	-	29,741.02	4,738.84
Beach Badge Fees	575,000.00	-	793,017.00	218,017.00
Energy Receipts Taxes	164,430.00	-	164,430.00	-
Uniform Construction Code Fees	95,000.00	-	112,643.00	17,643.00
Recycling Tonnage Grant	5,248.53	-	5,248.53	-
Clean Communities Program	11,184.29	-	11,184.29	-
	887,265.00	-	1,143,044.84	255,779.84
Receipts From Delinquent Taxes	92,500.00	-	123,677.10	31,177.10
Amount to be Raised by Taxes for Support of Municipal Budget:				
Local Tax for Municipal Purposes	4,710,380.00	-	5,086,782.67	376,402.67
Budget Totals	7,240,145.00	-	7,903,504.61	663,359.61
Non-Budget Revenue	-	-	189,261.36	189,261.36
	\$ 7,240,145.00	\$ -	\$ 8,092,765.97	\$ 852,620.97

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

**BOROUGH OF SURF CITY  
CURRENT FUND  
STATEMENT OF REVENUES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021**

Analysis of Realized Revenue

Allocation of Current Tax Collection:

Revenue From Collections	\$ 17,787,103.84
Allocated To School and County Taxes	<u>13,111,716.17</u>

Balance for Support of Municipal Budget	4,675,387.67
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Add:

Appropriation Reserve for Uncollected Taxes	<u>411,395.00</u>
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Balance for Support of Municipal Budget

Appropriations	<u><u>\$ 5,086,782.67</u></u>
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Delinquent Taxes:

Taxes Receivable	<u><u>\$ 123,677.10</u></u>
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Analysis of Non-Budget Revenue

Miscellaneous revenue not anticipated:

Revenue Accounts Receivable:

Municipal Court Fines & Costs	\$ 26,605.68
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Interst on Investments & Deposits	\$ 7,203.75
Vendors' Licenses	5,000.00
T.V. Cable Franchise Fee	19,679.42
Zoning/Planning/Occupancy Fees	29,782.00
Land Use Board Reimbursement and Fees	3,650.00
Insurance Refunds & Claims	69,682.78
Senior Citizens and Vets Administrative Fee	475.00
Miscellaneous	1,182.62
Prior Year Health Insurance Premium Refunds	17,569.51
Recycling Receipts	<u>8,430.60</u>

	<u>162,655.68</u>
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	<u><u>\$ 189,261.36</u></u>
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**BOROUGH OF SURF CITY**  
**CURRENT FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS		EXPENDED			CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	
General Appropriations	\$ 75,000.00	\$ 75,000.00	\$ 63,682.50	\$ -	\$ 11,317.50	-
Operations - Within "CAPS"	23,000.00	23,000.00	11,857.88	1,340.75	9,801.37	-
GENERAL GOVERNMENT						
General Administration						
Salaries & Wages	7,000.00	7,000.00	-	-	7,000.00	-
Other Expenses						
Human Resources						
Other Expenses						
Mayor and Council						
Salaries & Wages	52,000.00	52,000.00	51,461.00	-	539.00	-
Other Expenses	5,500.00	5,500.00	2,336.91	2,156.19	1,006.90	-
Municipal Clerk						
Salaries & Wages	100,000.00	100,000.00	64,418.05	-	35,581.95	-
Other Expenses	14,500.00	14,500.00	7,573.49	681.29	6,245.22	-
Financial Administration						
Salaries & Wages	95,000.00	95,000.00	82,747.96	-	12,252.04	-
Other Expenses	15,000.00	17,500.00	14,554.47	609.72	2,335.81	-
Audit Services						
Other Expenses - Annual Audit	20,000.00	20,000.00	16,100.00	-	3,900.00	-
Collection of Taxes						
Salaries & Wages	55,000.00	55,000.00	42,657.95	-	12,342.05	-
Other Expenses	21,500.00	21,500.00	8,852.72	178.35	12,468.93	-
Assessment of Taxes						
Salaries & Wages	23,000.00	23,000.00	17,868.24	-	5,131.76	-
Other Expenses	11,000.00	11,000.00	1,385.39	1,070.19	8,544.42	-
Legal Services						
Other Expenses	17,000.00	17,000.00	5,437.50	496.00	11,066.50	-
Revision of Ordinances						
Other Expenses	4,500.00	4,500.00	-	-	4,500.00	-
Engineering Services						
Other Expenses	10,500.00	15,500.00	10,500.00	-	5,000.00	-
Review/Revision of Master Plan						
Other Expenses	4,500.00	4,500.00	3,883.03	-	616.97	-
Municipal Court						
Salaries & Wages	67,000.00	67,000.00	45,386.39	-	21,613.61	-
Other Expenses	8,500.00	8,500.00	4,309.20	803.93	3,386.87	-
Public Defender						
Other Expenses	1,800.00	1,800.00	572.25	577.50	650.25	-
Land Use Administration:						
Land Use Board						
Salaries & Wages	10,000.00	10,000.00	6,019.88	-	3,980.12	-
Other Expenses	10,000.00	10,000.00	686.37	436.50	8,777.13	-

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

**BOROUGH OF SURF CITY  
CURRENT FUND  
STATEMENT OF EXPENDITURES – REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS			EXPENDED		
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Code Enforcement & Administration:						
Other Code Enforcement Functions						
Salaries & Wages	15,000.00	15,000.00	14,706.05	-	293.95	-
Other Expenses	3,000.00	3,000.00	100.00	-	2,900.00	-
Zoning Officer						
Salaries & Wages	15,000.00	15,000.00	14,705.56	-	294.44	-
Other Expenses	2,500.00	2,500.00	-	-	2,500.00	-
Insurance:						
General Liability	85,000.00	85,000.00	74,542.00	-	10,458.00	-
Workers Compensation	102,000.00	102,000.00	94,100.67	-	7,899.33	-
Employee Group Health	1,325,000.00	1,325,000.00	1,097,225.41	100.00	227,674.59	-
Health Benefit Waiver						
Salaries & Wages	55,000.00	55,000.00	38,333.34	-	16,666.66	-
Public Safety Functions:						
Police Department						
Salaries & Wages	1,350,000.00	1,350,000.00	1,306,070.66	-	43,929.34	-
Other Expenses	70,000.00	70,000.00	62,880.15	5,953.99	1,165.86	-
Police Dispatch/911						
Other Expenses	60,000.00	60,000.00	54,780.80	-	5,219.20	-
Office of Emergency Management						
Salaries & Wages	3,500.00	3,500.00	3,000.00	-	500.00	-
Other Expenses	10,000.00	10,000.00	1,288.15	-	8,711.85	-
Aid to Volunteer Fire Company	25,000.00	25,000.00	25,000.00	-	-	-
Fire Hydrant Service	100,000.00	100,000.00	100,000.00	-	-	-
Municipal Prosecutor's Office						
Other Expenses	10,000.00	10,000.00	7,791.63	826.00	1,382.37	-
Public Work Functions:						
Streets and Road Maintenance						
Salaries & Wages	75,000.00	75,000.00	47,669.92	-	27,330.08	-
Other Expenses	35,000.00	36,000.00	31,452.60	1,872.42	2,674.98	-
Solid Waste Collection						
Salaries & Wages	290,000.00	276,500.00	193,852.08	-	82,647.92	-
Other Expenses	30,000.00	30,000.00	8,600.01	1,636.05	19,763.94	-
Building and Grounds						
Salaries & Wages	145,000.00	145,000.00	141,488.27	-	3,511.73	-
Other Expenses	60,000.00	60,000.00	39,873.01	3,774.84	16,352.15	-
Vehicle Maintenance (Incl. Police Vehicles)						
Salaries & Wages	48,500.00	48,500.00	47,798.13	-	701.87	-
Other Expenses	95,000.00	95,000.00	50,468.41	4,045.98	40,485.61	-
Health & Human Services Functions:						
Board of Health						
Salaries & Wages	3,000.00	3,000.00	1,227.00	-	1,773.00	-
Other Expenses	66,000.00	66,000.00	65,234.00	-	766.00	-
Environmental Health Services						

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

**BOROUGH OF SURF CITY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS		EXPENDED			CANCELLED
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	
Salaries & Wages	5,000.00	5,000.00	-	-	5,000.00	-
Other Expenses	1,000.00	1,000.00	-	-	1,000.00	-
Animal Control Services						
Other Expenses	9,000.00	9,000.00	7,392.00	672.00	936.00	-
Contributions to Social Service Agencies						
Senior Citizen Center (NJS 40:48-9.4)	5,000.00	5,000.00	-	-	5,000.00	-
Health Care Facilities (NJS 44:5-2)	100.00	100.00	-	-	100.00	-
Mental Health Facilities (NJS 40:48-9.4a)	100.00	100.00	-	-	100.00	-
Recreation of Services and Programs						
Salaries & Wages	5,000.00	5,000.00	-	-	5,000.00	-
Other Expenses	2,000.00	2,000.00	-	-	2,000.00	-
Maintenance of Parks						
Salaries & Wages	39,000.00	39,000.00	26,498.85	-	12,501.15	-
Other Expenses - Veterans' Memorial Park	2,500.00	2,500.00	773.17	-	1,726.83	-
Other Expenses - Other Facilities	4,000.00	4,000.00	-	-	4,000.00	-
Beach & Boardwalk Operations						
Salaries & Wages	375,000.00	375,000.00	363,432.44	-	11,567.56	-
Other Expenses	67,500.00	67,500.00	65,720.97	20.82	1,758.21	-
Other Common Operating Functions (Unclassified)						
Municipal Bus Service						
Other Expenses	20,000.00	20,000.00	20,000.00	-	-	-
Accumulated Leave Compensation						
Salaries & Wages	8,000.00	8,000.00	8,000.00	-	-	-
Celebration of Public Events						
Other Expenses	1,000.00	1,000.00	94.44	-	905.56	-
Utility Expenses & Bulk Purchases						
Electricity	30,000.00	30,000.00	15,653.82	524.59	13,821.59	-
Street Lighting	57,000.00	57,000.00	47,827.27	-	9,172.73	-
Telephone	38,000.00	38,000.00	27,456.28	-	10,543.72	-
Gas (natural or propane)	20,000.00	20,000.00	14,494.20	-	5,505.80	-
Telecommunications	5,000.00	5,000.00	3,247.51	-	1,752.49	-
Gasoline	60,000.00	60,000.00	30,283.78	1,802.52	27,913.70	-
Landfill/Solid Waste Disposal Costs:						
Landfill/Solid Waste Disposal Costs	175,000.00	180,000.00	154,385.70	806.39	24,807.91	-
Other Expenses						
Uniform Construction Code - Appropriations Offset by Dedicated Revenues (N.J.A.C.5:23-4.17)						
Construction Official						
Salaries & Wages	21,000.00	21,000.00	18,899.30	-	2,100.70	-
Other Expenses	75,000.00	75,000.00	38,679.35	218.01	36,102.64	-
Contingent	4,000.00	4,000.00	-	-	4,000.00	-
Total Operations Including Contingent Within CAPS	5,759,000.00	5,759,000.00	4,827,318.11	30,604.03	901,077.86	-

Detail:

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

**BOROUGH OF SURF CITY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS		EXPENDED			
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	RESERVED	CANCELLED
Salaries & Wages	2,930,000.00	2,916,500.00	2,599,923.57	-	330,987.55	-
Other Expenses	2,829,000.00	2,842,500.00	2,227,394.54	30,604.03	570,090.31	-
	5,759,000.00	5,759,000.00	4,827,318.11	30,604.03	901,077.86	-
	101,435.00	101,435.00	101,435.00	-	-	-
	210,200.00	210,200.00	196,228.07	-	13,971.93	-
	311,213.00	311,213.00	311,213.00	-	-	-
	12,000.00	12,000.00	10,748.98	-	1,251.02	-
	2,245.00	2,245.00	939.19	-	1,305.81	-
	637,093.00	637,093.00	620,564.24	-	16,528.76	-
	6,396,093.00	6,396,093.00	5,447,882.35	30,604.03	917,606.62	-
	52,000.00	52,000.00	-	-	52,000.00	-
	7,000.00	7,000.00	5,708.01	-	1,291.99	-
	11,184.29	11,184.29	11,184.29	-	-	-
	5,248.53	5,248.53	5,248.53	-	-	-
	3,540.08	3,540.08	-	-	-	3,540.08
	78,972.90	78,972.90	22,140.83	-	53,291.99	3,540.08
	78,972.90	78,972.90	22,140.83	-	53,291.99	3,540.08
	78,972.90	78,972.90	22,140.83	-	53,291.99	3,540.08
	50,000.00	50,000.00	50,000.00	-	-	-
	75,000.00	75,000.00	63,152.14	-	11,847.86	-
	125,000.00	125,000.00	113,152.14	-	11,847.86	-
	25,000.00	25,000.00	-	-	-	25,000.00

Deferred Charges & Statutory Expenditures - Within CAPS:

Statutory Expenditures:

Contribution to:

Public Employees' Retirement System

Social Security System (O.A.S.I.)

Police and Firemen's System of NJ

Unemployment Insurance

Defined Contribution Retirement Program

Total Statutory Expenditures Within CAPS

Total General Appropriations Within CAPS

Operations Excluded from CAPS:

Length of Service Awards Program (L.O.S.A.P.)

Other Expenses

Recycling Tax (P.L. 2007, c. 311)

Other Expenses

Public & Private Programs Offset by Revenues:

Clean Communities Program

Recycling Tonnage Grant

State & Federal Programs - Local Match

Total Operations Excluded from CAPS

Detail:

Other Expenses

Capital Improvements - Excluded from CAPS:

Capital Improvement Fund

Rehabilitation of / Enhancement to Borough Property

Total Capital Improvements

Municipal Debt Service - Excluded from CAPS:

Interest of Notes

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

**BOROUGH OF SURF CITY  
CURRENT FUND  
STATEMENT OF EXPENDITURES - REGULATORY BASIS  
YEAR ENDED DECEMBER 31, 2021**

	APPROPRIATIONS		EXPENDED		
	ORIGINAL BUDGET	BUDGET AFTER MODIFICATIONS	PAID OR CHARGED	ENCUMBERED	CANCELLED
Total Municipal Debt Services	25,000.00	25,000.00	-	-	25,000.00
Deferred Charges - Municipal - Excluded from CAPS					
Deferred Charges to Future Taxation - Unfunded:					
Beach Replenishment	51,036.77	51,036.77	51,036.77	-	-
Acquisition of Fire Apparatus & Related Equipment	92,647.33	92,647.33	92,647.33	-	-
Replacement of Bulkheads	60,000.00	60,000.00	60,000.00	-	-
Total Deferred Charges	203,684.10	203,684.10	203,684.10	-	-
Total General Appropriations Excluded from CAPS	432,657.00	432,657.00	338,977.07	-	28,540.08
Subtotal General Appropriations	6,828,750.00	6,828,750.00	5,786,859.42	30,604.03	28,540.08
Reserve for Uncollected Taxes	411,395.00	411,395.00	411,395.00	-	-
Total General Appropriations	\$ 7,240,145.00	\$ 7,240,145.00	\$ 6,198,254.42	\$ 30,604.03	\$ 28,540.08
Federal & State Grants			\$ 16,432.82		
Due to Trust Fund			8,000.00		
Reserve for Uncollected Taxes			411,395.00		
Cash			5,762,426.60		
			\$ 6,198,254.42		

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



**BOROUGH OF SURF CITY  
TRUST FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

<u>Assets</u>	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Animal Control Fund:			
Cash	B-1	\$ 785.15	\$ 609.30
Due From State Department of Health	B	3.00	-
		<u>788.15</u>	<u>609.30</u>
Trust - Other Fund:			
Cash	B-1	460,869.20	332,504.00
Due from Water/Sewer Capital	B-3	1,109.41	6,069.72
Due from Current Fund	B-2	36,655.93	51,331.89
		<u>498,634.54</u>	<u>389,905.61</u>
Length of Service Award Program Fund ("LOSAP"):			
Investments	B-7	<u>1,238,293.20</u>	<u>1,086,207.90</u>
		<u>1,238,293.20</u>	<u>1,086,207.90</u>
Total Assets		<u>\$ 1,737,715.89</u>	<u>\$ 1,476,722.81</u>
<u>Reserves</u>			
Animal Control Fund:			
Due Current Fund	B-4	\$ 376.52	\$ 223.67
Reserve for Dog Fund Expendiures	B-5	411.63	385.63
		<u>788.15</u>	<u>609.30</u>
Trust - Other Fund:			
Various Reserves	B-6	<u>498,634.54</u>	<u>389,905.61</u>
		<u>498,634.54</u>	<u>389,905.61</u>
Length of Service Award Program Fund ("LOSAP"):			
Miscellaneous Reserve	B-8	<u>1,238,293.20</u>	<u>1,086,207.90</u>
		<u>1,238,293.20</u>	<u>1,086,207.90</u>
Total Reserves		<u>\$ 1,737,715.89</u>	<u>\$ 1,476,722.81</u>

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

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND  
FUND BALANCE - REGULATORY BASIS  
DECEMBER 31, 2021 AND 2020**

<u>Assets</u>	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Cash	C-2	\$ 1,418,323.41	\$ 1,528,276.66
Grant Receivable	C-5	128,450.00	-
Deferred Charges To Future Taxation: Unfunded	C-6	<u>2,477,129.51</u>	<u>2,117,063.61</u>
Total Assets		<u>\$ 4,023,902.92</u>	<u>\$ 3,645,340.27</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Improvement Authorizations:			
Funded	C-7	\$ 698,057.08	\$ 711,240.79
Unfunded	C-7	1,958,369.25	1,768,160.86
Reserve for Encumbrances	C-7	65,479.60	-
Due To Current Fund	C-4	170,828.49	170,720.12
Capital Improvement Fund	C-8	865,432.50	857,932.50
Reserve for Debt Service	C-9	36,683.33	36,683.33
Reserve for Purchase of Lifeguard Boat	C-9	18,150.00	18,150.00
Reserve for Grant Receivable	C-5	128,450.00	-
Capital Fund Balance	C-1	<u>82,452.67</u>	<u>82,452.67</u>
Total Liabilities, Reserves and Fund Balance		<u>\$ 4,023,902.92</u>	<u>\$ 3,645,340.27</u>

There were bonds and notes authorized but not issued on December 31, 2021 of \$2,477,129.51 and on December 31, 2020 of \$2,117,063.61.

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
STATEMENT OF CAPITAL FUND BALANCE -  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Balance, December 31, 2021 and 2020

\$ 82,452.67

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY FUND**  
**STATEMENTS OF ASSETS, LIABILITIES, RESERVES AND**  
**FUND BALANCE - REGULATORY BASIS**  
**DECEMBER 31, 2021 AND 2020**

<u>Assets</u>	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Operating Fund:			
Cash	D-4	\$ 2,539,790.04	\$ 1,952,469.96
Change Fund	D	250.00	250.00
Due from Current Fund	A	-	100,000.00
Due from Utility Capital Fund	D-14	19.67	11.43
Subtotal		2,540,059.71	2,052,731.39
Water/Sewer Rents Receivable	D-6	48,713.14	35,800.40
Total Operating Fund		2,588,772.85	2,088,531.79
Capital Fund:			
Cash	D-4	46,999.49	88,992.01
Due from Current Fund	D-15	345,000.00	-
Fixed Capital - Completed	D-7	8,360,588.16	8,360,588.16
Fixed Capital - Authorized and Uncompleted	D-8	1,195,887.98	370,887.98
Total Capital Fund		9,948,475.63	8,820,468.15
Total Assets		\$ 12,537,248.48	\$ 10,908,999.94
<u>Liabilities, Reserves and Fund Balances</u>			
Operating Fund:			
Accounts Payable	D-12	\$ 7,644.37	\$ 7,644.37
Encumbrances Payable	D-10	5,443.13	8,316.07
Appropriation Reserves	D-3	683,755.21	706,934.18
Due to Trust-Other Fund		1,109.41	6,069.72
Prepaid Rents	D-11	19,050.13	17,905.68
Reserve for American Recovery Act	D-13	62,748.80	-
Subtotal		779,751.05	746,870.02
Reserve for Water/Sewer Rents Receivables		48,713.14	35,800.40
Operating Fund Balance	D-1	1,760,308.66	1,305,861.37
Total Operating Fund		2,588,772.85	2,088,531.79
Capital Fund:			
Due To Utility Operating Fund	D	19.67	11.43
Capital Improvement Fund	D-17	503,315.51	519,565.51
Improvement Authorizations:			
Funded	D-16	41,250.00	-
Unfunded	D-16	883,687.84	296,938.60
Reserve for Amortization	D-18	8,441,476.14	7,966,476.14
Reserve for Deferred Amortization	D-19	71,250.00	30,000.00
Capital Fund Balance	D-1(a)	7,476.47	7,476.47
Total Capital Fund		9,948,475.63	8,820,468.15
Total Liabilities, Reserves and Fund Balances		\$ 12,537,248.48	\$ 10,908,999.94

There were bonds and notes authorized but not issued on December 31, 2021 of \$1,043,750.00 and on December 31, 2020 was \$735,000.00.

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY OPERATING FUND**  
**STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCE**  
**REGULATORY BASIS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	<u>2021</u>	<u>2020</u>
Revenue and Other Income Realized:			
Fund Balance Anticipated	D-2	\$ 980,000.00	\$ 945,000.00
Water/Sewer Rents	D-2	2,137,059.82	2,008,414.08
Fire Hydrant Service	D-2	118,400.00	118,400.00
Miscellaneous Revenues Not Anticipated	D-2	80,712.24	92,604.63
Other Credits to Income:			
Appropriation Reserves Lapsed	D-9	<u>698,275.23</u>	<u>340,369.76</u>
Total Revenues		<u>4,014,447.29</u>	<u>3,504,788.47</u>
Expenditures:			
Budget Appropriations:			
Operating	D-3	2,235,000.00	2,205,000.00
Capital Improvements	D-3	110,000.00	110,000.00
Deferred Charges and Statutory Expenditures	D-3	<u>235,000.00</u>	<u>200,000.00</u>
Total Expenditures		<u>2,580,000.00</u>	<u>2,515,000.00</u>
Excess in Revenue		1,434,447.29	989,788.47
Fund Balance, January 1	D	<u>1,305,861.37</u>	<u>1,261,072.90</u>
		2,740,308.66	2,250,861.37
Decreased By:			
Utilized as Anticipated Revenue	D-1	<u>980,000.00</u>	<u>945,000.00</u>
Fund Balance, December 31	D	<u>\$ 1,760,308.66</u>	<u>\$ 1,305,861.37</u>

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

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY CAPITAL FUND  
STATEMENT OF FUND BALANCE -  
REGULATORY BASIS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

Balance, December 31, 2021 and 2020

\$ 7,476.47

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY OPERATING FUND**  
**STATEMENT OF REVENUES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>ANTICIPATED</u>	<u>REALIZED</u>	<u>EXCESS/ (DEFICIT)</u>
Surplus Anticipated	\$ 980,000.00	\$ 980,000.00	\$ -
Water Rents	785,000.00	1,181,736.57	396,736.57
Sewer Rents	765,000.00	955,323.25	190,323.25
Fire Hydrant Service	75,000.00	118,400.00	43,400.00
Miscellaneous Revenues Not Anticipated	-	80,712.24	80,712.24
	<u>\$ 2,605,000.00</u>	<u>\$ 3,316,172.06</u>	<u>\$ 711,172.06</u>

Analysis of Miscellaneous Revenue Not Anticipated

Miscellaneous	\$ 78,411.72
Interest on Delinquents	<u>2,227.11</u>
	80,638.83
Interest Earned in Utility Capital Fund	<u>73.41</u>
Total Miscellaneous Revenue Not Anticipated	<u>\$ 80,712.24</u>

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

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY OPERATING FUND**  
**STATEMENT OF EXPENDITURES - REGULATORY BASIS**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>APPROPRIATIONS</u>			<u>PAID OR</u>			<u>ENCUMBERED</u>	<u>RESERVED</u>	<u>CANCELLED</u>
	<u>ORIGINAL</u>	<u>BUDGET AFTER</u>	<u>MODIFICATION</u>	<u>CHARGED</u>					
Operating:									
Salaries and Wages	\$ 580,000.00	\$ 580,000.00	\$	362,568.75	\$	217,431.25	\$	-	-
Other Expenses	1,655,000.00	1,655,000.00		1,294,451.60		5,443.13		355,105.27	-
Total Operating	2,235,000.00	2,235,000.00		1,657,020.35		5,443.13		572,536.52	-
Capital Improvements:									
Capital Improvement Fund	25,000.00	25,000.00		25,000.00		-		-	-
Capital Outlay	85,000.00	85,000.00		-		-		85,000.00	-
Total Capital Improvements	110,000.00	110,000.00		25,000.00		-		85,000.00	-
Debt Service:									
Interest on Notes	25,000.00	25,000.00		-		-		-	25,000.00
Total Debt Service	25,000.00	25,000.00		-		-		-	25,000.00
Deferred Charges & Statutory Expenditures:									
Deferred Charges:									
Costs of Improvements Authorized:									
Improvements to Water/Sewer System	130,000.00	130,000.00		130,000.00		-		-	-
Total Deferred Charges	130,000.00	130,000.00		130,000.00		-		-	-
Statutory Expenditures:									
Contribution To:									
Public Employees' Retirement System	54,621.00	54,621.00		54,621.00		-		-	-
Social Security System (O.A.S.I.)	45,000.00	45,000.00		22,479.26		-		22,520.74	-
Defined Contribution Retirement Plan	786.00	786.00		406.75		-		379.25	-
Unemployment Compensation Insurance	4,593.00	4,593.00		1,274.30		-		3,318.70	-
Total Statutory Expenditures	105,000.00	105,000.00		78,781.31		-		26,218.69	-
Total Water/Sewer Utility Fund Appropriations	\$ 2,605,000.00	\$ 2,605,000.00	\$	1,890,801.66	\$	5,443.13	\$	683,755.21	\$ 25,000.00

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



**BOROUGH OF SURF CITY**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**STATEMENTS OF GENERAL FIXED ASSETS -**  
**REGULATORY BASIS**  
**DECEMBER 31, 2021 AND 2020**

	<u>Reference</u>	BALANCE DECEMBER 31, <u>2021</u>	BALANCE DECEMBER 31, <u>2020</u>
Land	E-1	\$ 748,506.36	\$ 748,506.36
Buildings	E-1	1,017,160.67	949,506.71
Equipment	E-1	739,828.63	728,208.45
Motor Vehicles	E-1	<u>3,088,894.62</u>	<u>2,955,200.36</u>
Total General Fixed Assets		<u>\$ 5,594,390.28</u>	<u>\$ 5,381,421.88</u>
Investment in General Fixed Assets	E	<u>\$ 5,594,390.28</u>	<u>\$ 5,381,421.88</u>

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

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**BOROUGH OF SURF CITY  
COUNTY OF OCEAN, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies**

**Description of Financial Reporting Entity**

The Borough of Surf City, County of Ocean, New Jersey (hereafter referred to as the "Borough") is incorporated under the laws of the State of New Jersey. The financial statements of the reporting entity include those of the Borough of Surf City only.

**Component Units** - GASB Statement 14, as amended by GASB Statements 39, 61, 80 & 90, establishes criteria to be used in determining the component units, which should be included in the financial statements of a primary government. The financial statements of the Borough are not presented in accordance with GAAP (as discussed below). Therefore, the Borough had no component units as defined by GASB Statement No. 14, as amended by GASB Statements 39, 61, 80, & 90.

**Basis of Accounting, Measurement Focus and Basis of Presentation** - The financial statements of the Borough contain all funds and account groups in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit 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. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United State of America applicable to local government units. The more significant differences are explained further in this note.

In accordance with the "Requirements", the Borough accounts for its financial transactions through the use of separate funds, which are described as follows:

**Current Fund** – This fund accounts for revenues and expenditures for governmental operations of a general nature, including federal and state grant funds.

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

**General Capital Fund** – This fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

**Utility Operating and Capital Funds** – These funds accounts for utility operations that are financed through user fees. The funds are operated on a basis similar to private business enterprises where the intent is that the costs of providing the utility to the general public be financed through user fees. Operations relating to the acquisition of capital facilities for utility purposes are recorded in the Utility Capital Fund.

**General Fixed Asset Account Group** – The Fixed Asset Account Group of accounts is utilized to account for property, land, buildings, and equipment that have been acquired by other funds of the Borough.

**LOSAP Fund** – This fund accounts for the receipts and disbursements of the Length of Service Awards Program Fund. This Fund is not an audited opinion unit.

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Budgets and Budgetary Accounting** - The Borough must adopt an annual budget for its Current and Utility Fund in accordance with *N.J.S.A.40A:4* et seq. *N.J.S.A.40A:4-5* requires the governing body to introduce and approve the annual municipal budget no later than February 10<sup>th</sup> of each year. At introduction, the governing body must fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with *N.J.S.A.40A:4-9*. Amendments to adopted budgets, if any are detailed in the statements of revenues and expenditures.

An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of Local Government Services, with the permission of the Local Finance Board. Budgets are adopted on the same basis of accounting utilized for the preparation of the Borough's financial statements. Once a budget is approved it may be amended after November 1, by a resolution adopted by the governing body.

**Cash, Cash Equivalents and Investments** - Cash and Cash equivalents include petty cash, change funds and cash on deposit with public depositories. All certificates of deposit are recorded as cash regardless of the date of maturity. Under GAAP, investments are reported at fair value but under regulatory basis of accounting, investments are stated at cost with the exception of LOSAP investments which are reported at fair value. Therefore unrealized gains or losses on investments have not been recorded.

New Jersey municipal units are required by *N.J.S.A.40A:5-14* to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. *N.J.S.A.40A:5-15.1* provides a list of investments, which may be purchased by New Jersey municipal units. In addition, other State statutes permit investments in obligations issued by local utilities and other state agencies.

*N.J.S.A.17:9-41* et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the Governmental Units.

The cash management plan adopted by the Borough requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

**Interfunds** - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. 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.

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Inventories and Supplies** - The cost 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 statements of assets, liabilities, reserves and fund balance.

**General Fixed Assets** – Accounting for governmental fixed assets, as required by *N.J.A.C.5:30-5.6*, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Borough has adopted a capitalization threshold of \$5,000.00, the maximum amount allowed by the Circular. Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. In some instances, assets are valued at the assessed valuation of the property at the time of acquisition, which approximates fair value. No depreciation of general fixed assets is recorded. Donated general fixed assets are recorded at their acquisition value as of the date of the transaction. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the capital funds until such time as the construction is completed and put into operation. The Borough is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements, and transfers of fixed assets. In addition, a statement of general fixed assets, reflecting the activity for the year, must be included in the Borough's basic financial statements.

The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. All fixed assets must be adequately controlled to safeguard against loss, damage, or theft.

**Utility Fixed Assets** – Property and equipment purchases by a utility fund are recorded in the utility capital account at cost and are adjusted for disposition. The amounts shown do not represent replacement cost or current value. The reserve for amortization and deferred reserve for amortization in the utility capital fund represent the cost of the utility fixed assets reduced by the outstanding balances of bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**Foreclosed property** – Foreclosed Property or "Property Acquired for Taxes" is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the Borough to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be recorded in the General Fixed Assets Account Group.

**Deferred Charges** – The recognition of certain expenditures is deferred to future periods. These expenditures or deferred charges are generally overexpenditures of legally adopted budget appropriations

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

or emergency appropriations made in accordance with *N.J.S.A.40A:4-46* et seq. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

**Fund Balance** – Fund Balance included in the Current and Utility Operating Fund represent the amount available for anticipation as revenue in future year’s budgets, with certain restrictions.

**Revenues** – are recorded when received in cash except for certain amounts, which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Borough’s budget. Receivables for property taxes are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance 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 revenues when received.

**Utility Revenues** – Utility charges are billed quarterly based upon a flat service charge and if applicable, an excess consumption or usage charge. Revenues from these sources are recognized on a cash basis. Receivables that are susceptible to accrual are recorded with offsetting reserves on the balance sheet of the Boroughs utility operating fund.

**Property Tax Revenues** – are collected in quarterly installments due February 1, May 1, August 1 and November 1. The amount of tax levied includes not only the amount required in support of the Borough’s annual budget, but also the amounts required in support of the budgets of the County of Ocean, Long Beach Island Consolidated School District and Southern Regional School District. Unpaid property taxes are subject to tax sale in accordance with statutes.

**County Taxes** – The municipality is responsible for levying, collecting and remitting County taxes for the County of Ocean. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10<sup>th</sup> of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10<sup>th</sup> of the current year and due to be paid to the County by February 15<sup>th</sup> of the following year.

**School Taxes** – The municipality is responsible for levying, collecting and remitting school taxes for the Long Beach Island Consolidated School District and Southern Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local and regional school district July 1 to June 30.

**Deferred School Taxes** – School taxes raised in advance in the Current Fund for a school fiscal year (July 1 to June 30) which remain unpaid at December 31 of the calendar year levied may be deferred to fund balance to the extent of not more than 50% of the annual levy providing no requisition has been made by the school district for such amount.

**Reserve for Uncollected Taxes** – The inclusion of the “Reserve for Uncollected Taxes” appropriation in the Borough’s annual budget protects the Borough from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.



**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Expenditures** – are recorded on the “budgetary” basis of accounting. Generally, expenditures are recorded when an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by Technical Accounting Directive No. 85-1. When an expenditure is paid, the amount encumbered is simultaneously liquidated in its original amount.

Encumbrances are offset by an account entitled reserve for encumbrances. The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves. Appropriations for interest payments on outstanding general capital bonds and notes are provided on the cash basis. Appropriations for interest payments on outstanding utility capital bonds and notes are provided on the accrual basis.

**Appropriation Reserves** – Appropriation reserves covering unexpended appropriation balances are automatically created at year-end and recorded as liabilities, except for amounts, which may be cancelled by the governing body. Appropriation reserves and reserve for encumbrances at current year end are available until December 31<sup>st</sup> of the succeeding year to meet specific claims, commitments or contracts incurred during the preceding year. Any unspent balances at this time are lapsed appropriation reserves and recorded as income.

**Long-Term Debt** - Long-Term Debt relative to the acquisition of capital assets, is recorded as a liability in the General and Utility Capital Fund. Where an improvement is a “local improvement”, i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon the confirmation of the assessments or when the improvement is fully and permanently funded.

**Compensated Absences** – Expenditures relating to obligations for unused vested accumulated vacation and sick leave are not recorded until paid; however, municipalities may establish and budget reserve funds subject to NJSA 40A:4-39 for the future payment of compensated absences.

**Recent Accounting Pronouncements** – The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB adopts accounting statements to be used by governmental units when reporting financial position and results of operations in accordance with accounting principles generally accepted in the United States of America (GAAP). The municipalities in the State of New Jersey do not prepare their financial statements in accordance with GAAP and thus do not comply with all of the GASB pronouncements.

**Accounting Pronouncements Adopted in Current Year**

The following GASB Statements became effective for the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.
- Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1. Summary of Significant Accounting Policies (continued)**

Management has determined that the implementation of these Statements did not have a significant impact on the Borough's financial statements.

Accounting Pronouncements Effective in Future Reporting Periods

- Statement No. 87, *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.
- Statement No. 93, *Replacement of Interbank Offered Rates*. The requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Requirements of this pronouncement related to section 1, paragraph 4 are effective immediately. All other requirements will be effective for reporting periods beginning June 15, 2021. Management has determined the implementation of certain provisions within this Statement did not have a significant impact on the Borough's financial statements.

Management has not yet determined the impact these Statements will have on the Borough's financial statements.

**Note 2. Deposits and Investments**

The Borough is governed by the deposit and investment limitations of New Jersey state law.

**Deposits**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk is the risk that, in the event of a bank failure, the Borough's deposits may not be returned. Although the Borough does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public funds owned by the Borough in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the Borough relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below.

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 2. Deposits and Investments (continued)**

As of December 31, 2021, the Borough's bank balance of \$14,062,989.81 was insured or collateralized as follows:

Insured under FDIC and GUDPA	\$ 13,305,266.62
NJ Cash Management Fund	135,581.18
Uninsured and Uncollateralized	<u>622,142.01</u>
	<u><u>\$ 14,062,989.81</u></u>

**Investments**

Under the regulatory basis of accounting, investments are measured at cost in the Borough's financial statements. However, had the financial statements been prepared in accordance with generally accepted accounting principles (GAAP), investments would be reported at fair value (except for fully benefit-responsive investment contracts, which would be reported at contract value). Contract value is the relevant measure for the portion of the Length of Service Awards Program (LOSAP) Plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the LOSAP Plan.

Investments at Fair Value – The fair value measurements of investments are required to be reported based on the hierarchy established by GAAP. Under GAAP, investments are required to be categorized based on the fair value of inputs of Levels 1, 2 and 3. Under Level 1 inputs, investments are required to be categorized based on quoted market prices in active markets for identical investments. Level 2 inputs are based primarily on using observable measurement criteria, including quoted market prices of similar investments in active and inactive markets and other observable corroborated factors. Level 3 inputs are assets measured at fair value on a recurring basis using significant unobservable measurement criteria based on the best information available. As of December 31, 2021 the Borough had investments held at Level 2 or 3.

Following is a description of the valuation methodologies used for investments measured at fair value.

*Money Market Funds:* Valued at the quoted NAV of shares held by the Borough at year-end.

*Mutual Funds:* Valued at quoted market prices which represent the net asset value ("NAV") shares held by the Borough at year-end.

The Borough's fair value, hierarchy level and maturities of its investments at December 31, 2021 was as follows:

	Carrying Value	Fair Value as of December 31, 2021	
		Level 1	Total
<u>Investment Type</u>			
Mutual Funds	\$ 902,579.69	\$ 902,579.69	\$ 902,579.69
Money Market	<u>29,020.18</u>	<u>29,020.18</u>	<u>29,020.18</u>
	<u><u>\$ 931,599.87</u></u>	<u><u>\$ 931,599.87</u></u>	<u><u>\$ 931,599.87</u></u>
<u>Fund</u>			
Trust Fund - LOSAP	<u>\$ 931,599.87</u>	<u>\$ 931,599.87</u>	<u>\$ 931,599.87</u>
	<u><u>\$ 931,599.87</u></u>	<u><u>\$ 931,599.87</u></u>	<u><u>\$ 931,599.87</u></u>

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 2. Deposits and Investments (continued)**

Investments at Contract Value - The Borough held a fully benefit-responsive investment contract with the Lincoln Financial Group (Lincoln) totaling \$306,693.33 as of December 31, 2021. Lincoln maintains the contributions in the group fixed annuity contracts (fixed accounts). The accounts are credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The traditional investment contracts held by the Borough are guaranteed investment contracts. The contract issuer is contractually obligated to repay the principal and interest at a specified interest rates that are guaranteed to the LOSAP Plan. The Borough's ability to receive amounts due in accordance with the fully benefit-responsive investment contracts is dependent on the contract issuer's ability to meet its financial obligations. The fixed accounts continue in-force until they are terminated by Lincoln or the LOSAP Plan and do not define a maturity date.

The total Trust Fund LOSAP value held by the Borough at December 31, 2021 was as follows:

Trust Fund - LOSAP (Fair Value)	\$ 931,599.87
Trust Fund - LOSAP (Contract Value)	<u>306,693.33</u>
Total Trust Fund - LOSAP	<u><u>\$ 1,238,293.20</u></u>

Custodial credit risk related to Investments - This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Borough will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough has no investment policy to limit exposure to custodial credit risk.

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Other than the rules and regulations promulgated by N.J.S.A. 40A:5-15.1, the Borough does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk - Credit risk is the risk that an issuer to an investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. Government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Other than the rules and regulations promulgated by N.J.S.A. 40A; 5-15.1, the Borough's investment policies place no limit in the amount the Borough may invest in any one issuer. More than 5% of the Borough's investments are in money market funds and fixed account investments. These investments represent 100% of the Borough's total investments.

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 3. Property Taxes**

The following is a three-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous two years.

**Comparison Schedule of Tax Rates**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax Rate	<u>\$ 0.902</u>	<u>\$ 0.873</u>	<u>\$ 0.871</u>
Apportionment of Tax Rate:			
Municipal	0.239	0.239	0.239
County	0.381	0.377	0.382
Local School	0.044	0.044	0.044
Regional School	0.238	0.213	0.206

**Assessed Valuation**

<u>Year</u>	<u>Amount</u>
2021	\$ 1,970,216,404.00
2020	1,946,547,104.00
2019	1,925,753,995.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2021	\$ 17,891,018.73	\$ 17,787,103.84	99.41%
2020	17,086,731.38	16,951,067.20	99.20%
2019	16,904,325.66	16,779,309.64	99.26%

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Tax Title Liens</u>	<u>Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage Of Tax Levy</u>
2021	\$ 998.89	\$ 95,422.21	\$ 96,421.10	0.54%
2020	956.50	123,677.10	124,633.60	0.73%
2019	915.47	95,029.21	95,944.68	0.57%

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 3. Property Taxes (continued):**

**Number of Tax Title Liens**

<u>Year</u>	<u>Number</u>
2021	1
2020	1
2019	1

The last tax sale was held on October 20, 2017. There was no tax sale held in 2021.

**Note 4. Property Acquired By Tax Title Lien Liquidation**

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

<u>Year</u>	<u>Amount</u>
2021	\$ 4,725.00
2020	4,725.00
2019	4,725.00

**Note 5. Water/Sewer Utility Service Charges**

The following is a three-year comparison of water/sewer utility charges (rents) and collections for the current and previous two years.

<u>Year</u>	<u>Beginning Balance</u>	<u>Billings</u>	<u>Total</u>	<u>Cash Collections</u>	<u>Percentage Of Collection</u>
2021	\$ 35,800.40	\$ 2,149,972.56	\$ 2,185,772.96	\$ 2,137,059.82	97.77%
2020	28,237.30	2,015,977.18	2,044,214.48	2,008,414.08	98.24%
2019	50,157.32	2,012,250.01	2,062,407.33	2,034,170.03	98.63%

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 6. Fund Balances Appropriated**

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets:

<u>Year</u>	<u>Balance December 31,</u>	<u>Utilized in Budget of Succeeding Year</u>	<u>Percentage of Fund Balance Used</u>
<b>Current Fund:</b>			
2021	\$ 5,125,651.21	\$ 1,672,500.00	32.63%
2020	4,691,266.04	1,550,000.00	33.04%
2019	4,458,873.59	1,500,000.00	34.16%
<b>Utility Operating Fund:</b>			
2021	\$ 1,760,308.66	\$ 980,000.00	55.67%
2020	1,305,861.37	980,000.00	75.05%
2019	1,261,072.90	945,000.00	74.94%

**Note 7. Disaggregated Receivable and Payable Balances**

There are no significant components of receivable and payable balances reported in the financial statements.

**Note 8. Interfund Receivables, Payables and Transfers**

The following interfund balances were recorded in the various statements of assets liabilities, reserves and fund balances at December 31, 2021:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
Current Fund	\$ 171,205.01	\$ 409,918.07
State and Federal Grant Fund	28,262.14	-
Animal Control Trust	-	376.52
Trust Other Fund	36,655.93	-
Capital Fund	-	170,828.49
Utility Operating Fund	19.67	-
Utility Capital Fund	345,000.00	19.67
	<u>\$ 581,142.75</u>	<u>\$ 581,142.75</u>

The interfund receivables and payables above predominately resulted from payment made by certain funds on behalf of other funds. All interfund balances are expected to be repaid within one year.

Interfund transfers for the year ended December 31, 2021 are as follows:

<b>Fund</b>	<b>Transfers In</b>	<b>Transfers Out</b>
Current Fund	\$ 607,387.90	\$ 722,171.68
Animal Control Trust	-	0.55
Trust Other Fund	19,636.27	-
Capital Fund	607,495.72	607,387.35
Utility Operating Fund	100,065.17	4,960.31
Utility Capital Fund	-	65.17
	<u>\$ 1,334,585.06</u>	<u>\$ 1,334,585.06</u>

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 9. Fixed Assets**

The following is a summary of changes in the General Fixed Assets Account Group for the year ended December 31, 2021.

	Balance December 31, <u>2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2021</u>
Land	\$ 748,506.36	\$ -	\$ -	\$ 748,506.36
Buildings	949,506.71	67,653.96	-	1,017,160.67
Equipment	728,208.45	21,620.18	10,000.00	739,828.63
Motor Vehicles	2,955,200.36	142,011.26	8,317.00	3,088,894.62
	<u>\$ 5,381,421.88</u>	<u>\$ 231,285.40</u>	<u>\$ 18,317.00</u>	<u>\$ 5,594,390.28</u>

**Note 10. Pension Obligations**

**A. Public Employees' Retirement System (PERS)**

**Plan Description** - The State of New Jersey, Public Employees' 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 <http://www.state.nj.us/treasury/pensions/annual-reports.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.

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<sup>th</sup> 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<sup>th</sup> 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 before age 62 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.



**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

**Basis of Presentation** - The schedules of employer and nonemployer allocations and the schedules of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**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 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 the fiscal year 2020, the State's pension contribution was less than the actuarial 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 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. For the year ended December 31, 2021, the Borough's contractually required contribution to PERS plan was \$125,548.00.

**Components of Net Pension Liability** - At December 31, 2021, the Borough's proportionate share of the PERS net pension liability was \$1,269,309.00. 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 July 1, 2020, which was rolled forward to 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 June 30, 2021, was 0.0107203706% which was a decrease of 0.0035450037% from its proportion measured as of June 30, 2020.

**Balances at December 31, 2021 and December 31, 2020**

	<u>12/31/2021</u>	<u>12/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Deferred Outflows of Resources	\$ 170,776	\$ 465,501
Deferred Inflows of Resources	1,507,582	1,112,579
Net Pension Liability	1,269,989	2,326,309
Borough's portion of the Plan's total Net Pension Liability	0.01072%	0.01427%

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

**Pension Expense (Credit) and Deferred Outflows/Inflows of Resources** - At December 31, 2021, the Borough's proportionate share of the PERS expense (credit), calculated by the plan as of the June 30, 2020 measurement date is \$(241,044). This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$125,548 to the plan in 2021.

At December 31, 2021, the Borough reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Expected and Actual Experience	\$ 20,029	\$ 9,092
Changes of Assumptions	6,614	452,124
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	334,548
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>144,133</u>	<u>711,818</u>
	<u><u>\$ 170,776</u></u>	<u><u>\$ 1,507,582</u></u>

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

The Borough will amortize the above sources of deferred outflows and inflows related to PERS over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	5.63	-
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	5.13	-
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	-	5.13
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2014	-	5.00
June 30, 2015	-	5.00
June 30, 2016	5.00	-
June 30, 2017	5.00	-
June 30, 2018	5.00	-
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	5.00	-
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2016	5.57	5.57
June 30, 2017	5.48	5.48
June 30, 2018	5.63	5.63
June 30, 2019	5.21	5.21
June 30, 2020	5.16	5.16
June 30, 2021	5.13	5.13

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PERS that will be recognized in future periods:

<b>Year Ending June 30,</b>	<b>Amount</b>
2022	\$ (472,600)
2023	(373,429)
2024	(318,042)
2025	(127,618)
2026	(45,117)
	<hr/>
	\$ (1,336,806)

**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:

**Inflation**

Price	2.75%
Wage	3.25%

**Salary Increases:**

Through 2026	2.00 - 6.00% Based on Years of Service
Thereafter	3.00 - 7.00% Based on Years of Service

Investment Rate of Return	7.00%
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**Mortality Rate Table**

PERS	Pub-2010 General Below-Median Income Employee mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021
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**Period of Actuarial Experience**

Study upon which Actuarial Assumptions were Based	July 1, 2014 - June 30, 2018
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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%

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

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-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

**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 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**A. Public Employees' Retirement System (PERS) (continued):**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The single blended discount rate was based on long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.50% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipals bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% 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 projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining 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 were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's Proportionate Share of the Net Pension Liability	\$ 1,747,903	\$ 1,269,989	\$ 889,438

**B. Police and Firemen's Retirement System (PFRS)**

**Plan Description** – The State of New Jersey, Police and Firemen'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 the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

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 case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

**Basis of Presentation** - The schedule of employer and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PFRS, its participating employers or the State as a nonemployer contributing entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PFRS, the participating employers, or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PFRS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

**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 2020, 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 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. For the year ended December 31, 2021, the Borough's contractually required contributions to PFRS plan was \$333,326.

**Net Pension Liability and Pension Expense** - At December 31, 2021 the Borough's proportionate share of the PFRS net pension liability was \$2,090,438. 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 July 1, 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 June 30, 2021, was 0.0286005477%, which was an increase of 0.0007433047% from its proportion measured as of June 30, 2020.

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

**Balances at December 31, 2021 and December 31, 2020**

	<u>12/31/2021</u>	<u>12/30/2020</u>
Actuarial valuation date (including roll forward)	June 30, 2021	June 30, 2020
Deferred Outflows of Resources	\$ 517,779	\$ 792,716
Deferred Inflows of Resources	1,867,259	1,153,044
Net Pension Liability	2,090,438	3,599,523
 Borough's portion of the Plan's total net pension Liability	 0.02860%	 0.02786%

**Pension Expense and Deferred Outflows/Inflows of Resources** – At December 31, 2021, the Borough's proportionate share of the PFRS expense, calculated by the plan as of the June 30, 2021 measurement date was \$(186,524). This expense is not recognized by the Borough because of the regulatory basis of accounting as described in Note 1, but as previously mentioned the Borough contributed \$333,326 to the plan in 2021.

At December 31, 2021, the Borough had deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between Expected and Actual Experience	\$ 23,849	\$ 250,413
Changes of Assumptions	11,123	626,495
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	890,803
Changes in Proportion and Differences between Borough Contributions and Proportionate Share of Contributions	<u>482,807</u>	<u>99,548</u>
	<u>\$ 517,779</u>	<u>\$ 1,867,259</u>



**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

The Borough will amortize the above sources of deferred outflows and inflows related to PFRS over the following number of years:

	<b><u>Deferred Outflow of Resources</u></b>	<b><u>Deferred Inflow of Resources</u></b>
Differences between Expected and Actual Experience		
Year of Pension Plan Deferral:		
June 30, 2016	-	5.58
June 30, 2017	5.59	-
June 30, 2018	5.73	-
June 30, 2019	-	5.92
June 30, 2020	5.90	-
June 30, 2021	-	6.17
Changes of Assumptions		
Year of Pension Plan Deferral:		
June 30, 2016	5.58	-
June 30, 2017	-	5.59
June 30, 2018	-	5.73
June 30, 2019	-	5.92
June 30, 2020	-	5.90
June 30, 2021	6.17	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Year of Pension Plan Deferral:		
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	-	5.00
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions		
Year of Pension Plan Deferral:		
June 30, 2016	5.58	5.58
June 30, 2017	5.59	5.59
June 30, 2018	5.73	5.73
June 30, 2019	5.92	5.92
June 30, 2020	5.90	5.90
June 30, 2021	6.17	6.17

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

The following is a summary of the deferred outflows of resources and deferred inflows of resources related to PFRS that will be recognized in future periods:

<b>Year Ending</b>	
<b><u>June 30,</u></b>	<b><u>Amount</u></b>
2022	\$ (909,442)
2023	(248,979)
2024	(155,379)
2025	(114,571)
2026	<u>78,891</u>
	<u><u>\$ (1,349,480)</u></u>

**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 which 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 non-employer 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 to report in the financial statements of the local participating employers related to this legislation.

Additionally, the State's proportionate share of the PFRS net pension liability attributable to the Borough is \$587,935.00 as of December 31, 2021. 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 July 1, 2020, to the measurement date of June 30, 2021. The State's proportion of the net pension liability associated with the Borough was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. The State's proportion measured as of June 30, 2021 was 0.0286005477%, which was an increase of 0.0007433047% from its proportion measured as of June 30, 2020, which is the same proportion as the Borough's. At December 31, 2021, the Borough's and the State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

Borough's Proportionate Share of Net Pension Liability	\$ 2,090,438
State of New Jersey's Proportionate Share of Net Pension Liability Associated with the Borough	<u>587,935</u>
	<u><u>\$ 2,678,373</u></u>

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

At December 31, 2021, the State's proportionate share of the PFRS expense, associated with the Borough, calculated by the plan as of the June 30, 2021 measurement date was \$65,479.

**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:

Inflation	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through all future years	3.25 - 15.25%
	Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	
	Pub-2010 Safety Employee mortality table
PFRS	with fully generational mortality improvement projections
	from the central year using Scale MP-2021
Period of Actuarial Experience	
Study upon which Actuarial	
Assumptions were Based	July 1, 2013 - June 30, 2018

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

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

**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, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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.

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 10. Pension Obligations (continued):**

**B. Police and Firemen's Retirement System (PFRS) (continued):**

**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 were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Borough's Proportionate Share of the Net Pension Liability	\$ 3,174,265	\$ 2,090,438	\$ 1,188,269
State of New Jersey's Proportionate Share of Net Pension Liability associated with the Borough	<u>892,761</u>	<u>587,935</u>	<u>334,200</u>
	<u><u>\$ 4,067,026</u></u>	<u><u>\$ 2,678,373</u></u>	<u><u>\$ 1,522,469</u></u>

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

**Note 11. Municipal Debt**

The following schedule represents the Borough's summary of debt, as filed in the Borough's Annual Debt Statement required by the Local Bond Law of New Jersey for the current and two previous years:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Authorized but not issued:</b>			
General:			
Bonds, Notes and Loans	\$ 2,477,129.51	\$ 2,117,063.61	\$ 2,182,054.20
Utility:			
Bonds, Notes and Loans	<u>1,043,750.00</u>	<u>735,000.00</u>	<u>835,000.00</u>
Total Authorized But Not Issued	<u>3,520,879.51</u>	<u>2,852,063.61</u>	<u>3,017,054.20</u>
<b>Total Gross Debt</b>	<u><u>\$ 3,520,879.51</u></u>	<u><u>\$ 2,852,063.61</u></u>	<u><u>\$ 3,017,054.20</u></u>

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 11. Municipal Debt (continued):**

**Deductions:**

General:

Funds on Hand For Payment of Bonds and Notes:

Reserve for Debt Service	\$	36,683.33	\$	36,683.33	\$	36,683.33
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Utility:

Self Liquidating Debt		1,043,750.00		735,000.00		1,030,000.00
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Total Deductions		1,080,433.33		771,683.33		1,066,683.33
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<b>Total Net Debt</b>	<b>\$</b>	<b>2,440,446.18</b>	<b>\$</b>	<b>2,080,380.28</b>	<b>\$</b>	<b>1,730,045.03</b>
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Summary of Statutory Debt Condition - Annual Debt Statement

The following schedule is a summary of the previous schedule and is prepared in accordance with the required method of setting up the Annual Debt Statement:

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
General Debt	\$ 2,477,129.51	\$ 36,683.33	\$ 2,440,446.18
Utility Debt	1,043,750.00	1,043,750.00	-
	<u>\$ 3,520,879.51</u>	<u>\$ 1,080,433.33</u>	<u>\$ 2,440,446.18</u>

Net Debt \$2,440,446.18 divided by the average Equalized Valuation Basis per N.J.S.A 40A:2-2 as amended, \$2,008,505,140.33 equals 0.122%. New Jersey statute 40A:2-6, as amended, limits the debt of a Municipality to 3.5% of the last three preceding year's average equalized valuations of real estate, including improvements and the assessed valuation of Class II Railroad Property. The remaining borrowing power in dollars at December 31, 2021 is calculated as follows:

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

3 1/2% of Equalized Valuation Basis (Municipal)	\$	70,297,679.91
Net Debt		<u>2,440,446.18</u>
Remaining Borrowing Power	\$	<u>67,857,233.73</u>

**BOROUGH OF SURF CITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 11. Municipal Debt (continued)**

Self-Liquidating Utility Calculation per N.J.S.A. 40A:2-46

Cash Receipts From Fees, Rents or Other Charges for the Year	\$ 3,298,192.97
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Deductions:

Operating and Maintenance Costs	<u>\$ 2,365,000.00</u>
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Total Deductions	<u>2,365,000.00</u>
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Excess/(Deficit) in Revenue	<u><u>\$ 933,192.97</u></u>
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\*If Excess in Revenues all Utility Debt is Deducted

**General Debt**

**A. Serial Bonds Payable**

The Borough had no serial bonds payable outstanding in the General Capital Fund at December 31, 2021.

**B. Bond Anticipation Notes Payable – Short Term Debt**

The Borough had no bond anticipation notes outstanding in the General Capital Fund at December 31, 2021.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2021, the Borough had \$2,477,129.51 in various General Capital bonds and notes authorized but not issued.

**Water/Sewer Utility Debt**

**A. Serial Bonds Payable**

The Borough had no serial bonds payable outstanding in the Water/Sewer Utility Capital Fund at December 31, 2021.

**B. Bond Anticipation Notes Payable – Short Term Debt**

The Borough had no bond anticipation notes outstanding in the Utility Capital Fund at December 31, 2021.

**C. Bonds and Notes Authorized But Not Issued**

As of December 31, 2021 the Borough had \$1,043,750.00 in various Utility bonds and notes authorized but not issued.

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 12. Deferred School Taxes**

School taxes have been raised and the liability deferred by statutes. The balance of unpaid local and regional school taxes levied, amount deferred and the amount reported as a liability (payable) at December 31, are as follows:

<u>Local Taxes</u>	<u>Balance, December 31,</u>	
	<u>2021</u>	<u>2020</u>
Total Balance of Local Tax	\$ 430,698.00	\$ 428,585.00
Deferred Taxes	<u>171,899.27</u>	<u>171,899.27</u>
Local Tax Payable	<u>\$ 258,798.73</u>	<u>\$ 256,685.73</u>
 <u>Regional Tax</u>		
Total Balance of Regional Tax	\$ 2,345,601.39	\$ 2,170,691.89
Deferred Taxes	<u>396,208.48</u>	<u>396,208.48</u>
Regional Tax Payable	<u>\$ 1,949,392.91</u>	<u>\$ 1,774,483.41</u>

**Note 13. Accrued Sick, Vacation and Compensation Time**

As discussed in Note 1 and in accordance with accounting principles prescribed by the State of New Jersey, the cash basis of accounting is followed for recording the Borough's liability related to unused vacation, sick pay and compensation time. The Borough permits certain employees within limits to accumulate unused vacation, sick pay and compensation time, which may be taken as time off or paid at a later date at an agreed upon rate. In accordance with New Jersey accounting principles, this unused accumulated absences amount is not reported as a liability in the accompanying financial statements. It is estimated that accrued benefits for compensated absences are valued at \$100,506.61 at December 31, 2021.

The Borough has established a Trust Fund in accordance with NJSA 40A:4-39 to set aside funds for future payments of compensated absences. As of December 31, 2021, the Borough has reserved in the Other Trust Fund \$98,676.82 to fund compensated absences in accordance with NJSA 40A:4-39.



**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 14. Risk Management**

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

**Joint Insurance Pool**

The Borough is a member of the Ocean County Municipal Joint Insurance Fund. The Fund provides the Borough with the following primary coverage and limits:

Crime	\$50,000
Commercial General Liability	\$300,000

The following “excess” coverage and limits are provided to the Fund’s member local units by their membership in the Municipal Excess Liability Joint Insurance Fund (MEL):

Worker’s Compensation	\$2,000,000
Commercial General Liability	\$300,000
Auto Liability	\$300,000
Crime	\$1,000,000

Contributions to the Funds are payable in two installments and are based on actuarial assumptions determined by the Funds’ actuaries. The Fund publishes its own financial report for the year ended December 31, 2021 which can be obtained on the Fund’s website.

**Note 15. Contingencies**

**Grantor Agencies**

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 expenditure 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, 2021, the Borough estimates that no material liabilities will result from such audits.

**Litigation**

The Borough is a defendant in several legal proceedings that are in various stages of litigation. It is believed that the outcome, or exposure to the Borough, from such litigation is either unknown or potential losses, if any, would not be material to the financial statements.

**Tax Appeals**

Losses arising from tax appeals are recognized at the time a decision is rendered by an administrative or judicial body; however, municipalities may establish reserves transferred from tax collections or by budget appropriation for future payments of tax appeal losses. There are no significant pending tax appeals as of December 31, 2021.

**Note 16. Length of Service Awards Program**

The Borough’s length of service awards program (“LOSAP”) is reported in the Borough’s trust fund Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis. The LOSAP provides tax deferred income benefits to active volunteer firefighters and emergency medical personnel.

**BOROUGH OF SURF CITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 16. Length of Service Awards Program (Continued)**

The tax deferred income benefits for the active volunteer firefighters and emergency medical personnel serving the residents the of the Borough come from contributions made solely by the governing body of the Borough, on behalf of those volunteers who meet the criteria of a plan created by that governing body. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

**Contributions** - If an active member meets the year of active service requirement, a length of service awards program must provide a benefit between the minimum contribution of \$100 and a maximum contribution of \$1,150.00 per year. While the maximum amount is established by statute, it is subject to periodic increases that are related to the consumer price index (N.J.S.A. 40A:14-185(f)). The Division of Local Government Services of the State of New Jersey will issue the permitted maximum annually. The Borough elected to contribute between \$0.00 and \$1,150.00 for the year ended December 31, 2021 per eligible volunteer, into the Plan, depending on how many years the volunteer has served. During the year ended December 31, 2021, the Borough contributed a total of \$32,765.00 to the plan. Participants direct the investment of the contributions into various investment options offered by the Plan. The Borough has no authorization to direct investment contributions on behalf of eligible volunteers nor has the ability to purchase or sell investment options offered by the Plan. The types of investment options, and the administering of such investments, rests solely with the plan administrator.

**Participant Accounts** - Each participant's account is credited with the Borough's contribution and Plan earnings, and charged with administrative expenses. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. The Borough has placed the amounts deferred, including earnings, in a trust maintained by a third-party administrator for the exclusive benefit of the plan participants and their beneficiaries. Such funds, although subject to the claims of the Borough's creditors until distributed as benefit payments, are not available for funding the operations of the Borough. The funds may also be used to pay the administrative fees charged by the Plan Administrator. Lincoln Financial Group ("Plan Administrator"), an approved Length of Service Awards Program provider, is the administrator of the Plan. The Borough's practical involvement in administering the Plan is essentially limited to verifying the eligibility of each participant and remitting the funds to the Plan Administrator.

**Vesting** - Benefits, plus actual earnings thereon, are one hundred percent (100%) vested after five (5) years of service.

**Payment of Benefits** - Upon retirement or disability, participants may select various payout options, which include lump sum, periodic, or annuity payments. In the case of death, with certain exceptions, any amount invested under the participant's account is paid to the beneficiary or the participant's estate. In the event of an unforeseeable emergency, as outlined in the Plan document, a participant or a beneficiary entitled to vested accumulated deferrals may request the local plan administrator to payout a portion of vested accumulated deferrals. During the year ended December 31, 2021 payouts of \$66,701.64 were made to vested participants.

**Forfeited Accounts** – During the year ended December 31, 2021, no accounts were forfeited.

**Plan Information** - Additional information about the Borough's length of service awards program can be obtained by contacting the Plan Administrator.

**Note 17. Subsequent Events**

On August 10, 2022 the Borough adopted an ordinance to increase the authorization of a 2021 ordinance from \$700,000 to \$850,000, appropriating an additional \$150,000 therefor and authorizing the issuance of an additional \$142,500 in bonds and notes to finance a portion of the cost thereof.

On August 10, 2022 the Borough adopted an ordinance providing for road reconstruction and improvements, appropriating \$700,000 therefor and authorizing the issuance of \$665,000.00 in bonds and notes to finance a portion of the cost thereof.

**SUPPLEMENTARY EXHIBITS**

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<b>CURRENT FUND</b>
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**BOROUGH OF SURF CITY  
COUNTY OF OCEAN, NEW JERSEY  
CURRENT FUND  
SCHEDULE OF CASH - COLLECTOR/TREASURER  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$ 8,678,402.50
Increased By:		
Miscellaneous Revenue Not Anticipated	\$ 162,655.68	
Due from State for Exemptions	23,750.00	
Taxes Receivable	17,506,808.27	
Revenue Accounts Receivable	1,125,430.70	
Prepaid Taxes	428,309.18	
Tax Overpayments	9,923.23	
Reserve for Grants Unappropriated	13,019.73	
Due from Animal Control Fund	0.55	
Due from General Capital Fund	607,387.35	
Due from Utility Capital Fund	345,000.00	
Various Reserves	253,383.80	
		<u>20,475,668.49</u>
		29,154,070.99
Decreased By:		
2021 Budget Appropriations	5,762,426.60	
2020 Appropriation Reserves	140,116.87	
County Taxes	7,562,739.77	
Local District School Tax	859,281.00	
Regional School Tax	4,516,293.50	
Reserve for Grants Appropriated	13,504.29	
Due from Animal Control Fund	62.88	
Due to Trust Other Fund	14,675.96	
Due to General Capital Fund	607,495.72	
Due to Utility Operating Fund	100,000.00	
		<u>19,576,596.59</u>
Balance, December 31, 2021		<u><u>\$ 9,577,474.40</u></u>

**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY -  
SENIOR CITIZENS' AND VETERANS' DEDUCTIONS  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$ (1,167.75)
Increased By:		
Senior Citizens' Deductions per Tax Billings	\$ 4,250.00	
Veterans' Deductions per Tax Billing	19,500.00	
Deductions Allowed By Collector:		
Senior Citizens' & Veterans - Current Year	<u>500.00</u>	
		<u>24,250.00</u>
		23,082.25
Decreased By:		
Cash Receipts	<u>23,750.00</u>	
		<u>23,750.00</u>
Balance, December 31, 2021		<u><u>\$ (667.75)</u></u>



**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY  
YEAR ENDED DECEMBER 31, 2021**

<u>YEAR</u>	<u>BALANCE DECEMBER 31, 2020</u>	<u>2021 LEVY</u>	<u>COLLECTIONS</u>		<u>SENIOR CITIZENS' AND VETERANS' DEDUCTIONS ALLOWED/ (DISALLOWED)</u>	<u>TRANSFER TO TAX TITLE LIENS</u>	<u>ADJUSTMENTS/ (CANCELLED)</u>	<u>BALANCE DECEMBER 31, 2021</u>
			<u>2020</u>	<u>2021</u>				
2020	\$ 123,677.10	\$ -	\$ -	\$ 123,677.10	\$ -	\$ -	\$ -	\$ -
2021	-	17,891,018.73	379,722.67	17,383,131.17	24,250.00	42.39	(8,450.29)	95,422.21
	<u>\$ 123,677.10</u>	<u>\$ 17,891,018.73</u>	<u>\$ 14,409,110.79</u>	<u>\$ 17,506,808.27</u>	<u>\$ 24,250.00</u>	<u>\$ 42.39</u>	<u>\$ (8,450.29)</u>	<u>\$ 95,422.21</u>

Analysis of Property Tax Levy

Tax Yield:		
General Purpose Tax	\$ 17,771,352.09	
Added and Omitted Taxes (N.J.S.A 54:4-63.1 et seq)	<u>119,666.64</u>	
	<u>\$ 17,891,018.73</u>	
Tax Levy:		
Local School Taxes	\$ 861,394.00	
Regional School Taxes	4,691,203.00	
County Taxes	\$ 7,507,427.35	
Due To County for Added and Omitted Taxes	<u>51,691.82</u>	7,559,119.17
Local Tax for Municipal Purposes	4,710,380.00	
Additional Tax Levied	<u>68,922.56</u>	
	<u>4,779,302.56</u>	
Total	<u>\$ 17,891,018.73</u>	

**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF TAX TITLE LIENS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 956.50
Increased By:	
Transfers From Taxes Receivable	<u>42.39</u>
Balance, December 31, 2021	<u><u>\$ 998.89</u></u>

**BOROUGH OF SURF CITY**  
**CURRENT FUND**  
**SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**  
**YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, <u>2020</u>	ACCRUED IN <u>2021</u>	<u>COLLECTED</u>	BALANCE DECEMBER 31, <u>2021</u>
Liquor License	\$ -	\$ 1,400.00	\$ 1,400.00	\$ -
Other Fees & Permits	-	25,381.00	25,381.00	-
Interest & Costs on Taxes	-	29,741.02	29,741.02	-
Municipal Court Fines & Costs	598.22	26,757.06	26,605.68	749.60
Beach Badge Fees	-	793,017.00	793,017.00	-
Energy Receipts Taxes	-	164,430.00	164,430.00	-
Uniform Construction Code Fees	-	112,643.00	112,643.00	-
	<u>\$ 598.22</u>	<u>\$ 1,153,369.08</u>	<u>\$ 1,153,217.70</u>	<u>\$ 749.60</u>

Cash Receipts	\$ 1,125,430.70
Prior Year Prepaid Beach Badges	<u>27,787.00</u>
	<u><u>\$ 1,153,217.70</u></u>

**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF 2020 APPROPRIATION RESERVES  
YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, <u>2020</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
GENERAL GOVERNMENT				
General Administration				
Salaries & Wages	\$ 2,974.55	\$ 2,974.55	\$ -	\$ 2,974.55
Other Expenses	2,144.52	2,144.52	1,390.84	753.68
Human Resources				
Other Expenses	7,500.00	7,500.00	-	7,500.00
Mayor and Council				
Salaries & Wages	112.00	112.00	-	112.00
Other Expenses	3,134.91	3,134.91	2,120.58	1,014.33
Municipal Clerk				
Salaries & Wages	27,495.24	27,495.24	-	27,495.24
Other Expenses	2,472.43	2,472.43	818.28	1,654.15
Financial Administration				
Salaries & Wages	6,019.76	6,019.76	-	6,019.76
Other Expenses	5,615.80	5,615.80	403.16	5,212.64
Audit Services				
Other Expenses	2,150.00	2,150.00	-	2,150.00
Collection of Taxes				
Salaries & Wages	11,362.34	11,362.34	-	11,362.34
Other Expenses	11,286.82	11,286.82	2,125.27	9,161.55
Assessment of Taxes				
Salaries & Wages	5,017.22	5,017.22	-	5,017.22
Other Expenses	7,067.71	7,067.71	377.49	6,690.22
Legal Services				
Other Expenses	10,911.50	10,911.50	1,682.45	9,229.05
Revision of Ordinances				
Other Expenses	4,500.00	4,500.00	-	4,500.00
Engineering Services				
Other Expenses	1,655.61	1,655.61	-	1,655.61
Review/Revision of Master Plan				
Other Expenses	7,500.00	7,500.00	-	7,500.00
Municipal Court				
Salaries & Wages	341.55	341.55	-	341.55
Other Expenses	3,595.25	3,595.25	2,793.26	801.99
Public Defender				
Other Expenses	794.00	794.00	-	794.00
Land Use Administration:				
Land Use Board				
Salaries & Wages	13,982.22	13,982.22	-	13,982.22
Other Expenses	10,245.65	10,245.65	-	10,245.65
Code Enforcement & Administration:				
Other Code Enforcement Functions				
Salaries & Wages	6,135.26	6,135.26	-	6,135.26
Other Expenses	3,000.00	3,000.00	-	3,000.00
Zoning Officer				
Salaries & Wages	2,717.88	2,717.88	-	2,717.88
Insurance:				
General Liability	7,259.31	7,259.31	-	7,259.31
Workers Compensation	8,602.67	8,602.67	-	8,602.67
Employee Group Health	189,932.10	189,932.10	-	189,932.10
Health Benefit Waiver				
Salaries & Wages	5,000.00	5,000.00	-	5,000.00

**BOROUGH OF SURF CITY**  
**CURRENT FUND**  
**SCHEDULE OF 2020 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, <u>2020</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Public Safety Functions:				
Police Department				
Salaries & Wages	119,596.69	119,596.69	-	119,596.69
Other Expenses	31,493.40	31,493.40	6,252.58	25,240.82
Police Dispatch/911				
Other Expenses	2,199.70	2,199.70	-	2,199.70
Office of Emergency Management				
Salaries & Wages	500.00	500.00	-	500.00
Other Expenses	57.80	57.80	-	57.80
Municipal Prosecutor's Office				
Other Expenses	2,208.37	2,208.37	708.37	1,500.00
Public Work Functions:				
Streets and Road Maintenance				
Salaries & Wages	33,116.13	33,116.13	-	33,116.13
Other Expenses	10,626.91	10,626.91	930.56	9,696.35
Solid Waste Collection				
Salaries & Wages	126,767.46	126,767.46	-	126,767.46
Other Expenses	16,001.16	16,001.16	1,788.90	14,212.26
Building and Grounds				
Salaries & Wages	23,375.92	23,375.92	-	23,375.92
Other Expenses	22,504.96	22,504.96	6,851.54	15,653.42
Vehicle Maintenance (Incl. Police Vehicles)				
Salaries & Wages	3,864.52	3,864.52	-	3,864.52
Other Expenses	35,498.82	35,498.82	5,932.13	29,566.69
Health & Human Services Functions:				
Board of Health				
Salaries & Wages	1,791.00	1,791.00	-	1,791.00
Other Expenses	11,188.96	11,188.96	-	11,188.96
Environmental Health Services				
Salaries & Wages	5,000.00	5,000.00	-	5,000.00
Other Expenses	1,000.00	1,000.00	-	1,000.00
Animal Control Services				
Other Expenses	2,280.00	2,280.00	672.00	1,608.00
Contributions to Social Service Agencies				
Senior Citizen Center (NJS 40:48-9.4)	5,000.00	5,000.00	-	5,000.00
Health Care Facilities (NJS 44:5-2)	100.00	100.00	-	100.00
Mental Health Facilities (NJS 40:48-9.4a)	100.00	100.00	-	100.00
Recreation of Services and Programs				
Salaries & Wages	6,000.00	6,000.00	-	6,000.00
Other Expenses	1,974.45	1,974.45	-	1,974.45
Maintenance of Parks				
Salaries & Wages	17,125.27	17,125.27	-	17,125.27
Other Expenses - Veterans' Memorial Park	1,531.04	1,531.04	-	1,531.04
Other Expenses - Other Facilities	4,000.00	4,000.00	-	4,000.00
Beach & Boardwalk Operations				
Salaries & Wages	35,056.43	35,056.43	474.00	34,582.43
Other Expenses	9,667.78	9,667.78	59.50	9,608.28

**BOROUGH OF SURF CITY**  
**CURRENT FUND**  
**SCHEDULE OF 2020 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, <u>2020</u>	BALANCE AFTER <u>TRANSFER</u>	PAID OR <u>CHARGED</u>	BALANCE <u>LAPSED</u>
Other Common Operating Functions (Unclassified)				
Celebration of Public Events				
Other Expenses	1,000.00	1,000.00	-	1,000.00
Utility Expenses & Bulk Purchases				
Electricity	17,504.30	17,504.30	-	17,504.30
Street Lighting	5,106.15	5,106.15	-	5,106.15
Telephone	11,809.52	11,809.52	-	11,809.52
Gas (natural or propane)	6,339.55	6,339.55	-	6,339.55
Telecommunications	2,464.24	2,464.24	-	2,464.24
Gasoline	38,881.32	38,881.32	4,675.46	34,205.86
Landfill/Solid Waste Disposal Costs:				
Other Expenses	46,546.62	46,546.62	3,976.96	42,569.66
Uniform Construction Code:				
Salaries & Wages	11,623.38	11,623.38	-	11,623.38
Other Expenses	61,945.31	61,945.31	52,672.84	9,272.47
Contingent	4,000.00	4,000.00	-	4,000.00
Statutory Expenditures:				
Contribution to:				
Public Employees' Retirement System	-	-	-	-
Police and Firemen's Retirement System	29,366.82	29,366.82	-	29,366.82
Social Security System (O.A.S.I.)	-	-	-	-
Unemployment	1,686.52	1,686.52	-	1,686.52
Defined Contribution Retirement Program	1,911.02	1,911.02	701.35	1,209.67
Length of Service Awards Program (L.O.S.A.P.)				
Other Expenses	52,000.00	52,000.00	32,768.00	19,232.00
Recycling Tax (P.L. 2007, c. 311):				
Other Expenses	1,368.40	1,368.40	319.35	1,049.05
Capital Improvements:				
Rehabilitation of / Enhancement to Borough Property	47,054.00	47,054.00	9,622.00	37,432.00
	<u>\$ 1,240,760.22</u>	<u>\$ 1,240,760.22</u>	<u>\$ 140,116.87</u>	<u>\$ 1,100,643.35</u>

Appropriation Reserves      \$ 1,153,420.35  
Encumbrances Payable      87,339.87

\$ 1,240,760.22

Cash Disbursed      \$ 140,116.87

\$ 140,116.87

**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 87,339.87
Increased By:	
Current Appropriations	<u>30,604.03</u>
	117,943.90
Decreased By:	
Transferred To Appropriation Reserves	<u>87,339.87</u>
Balance, December 31, 2021	<u><u>\$ 30,604.03</u></u>

**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF PREPAID TAXES  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 379,722.67
Increased By:	
Prepaid Taxes Collected	<u>428,309.18</u>
	808,031.85
Decreased By:	
Applied To Taxes Receivable	<u>379,722.67</u>
Balance, December 31, 2021	<u><u>\$ 428,309.18</u></u>



**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF COUNTY TAXES PAYABLE  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$	55,312.42
Increased By:			
2021 Tax Levy:			
County Taxes	\$	6,555,318.23	
County Library Taxes		715,180.28	
County Open Space Taxes		236,928.84	
Due To County for Added and Omitted Taxes		<u>51,691.82</u>	
			<u>7,559,119.17</u>
			7,614,431.59
Decreased By:			
Cash Disbursements			<u>7,562,739.77</u>
Balance, December 31, 2021		\$	<u><u>51,691.82</u></u>

**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF LOCAL DISTRICT SCHOOL TAXES  
BALANCE, DECEMBER 31, 2021**

Balance, December 31, 2020:			
School Tax Payable	\$	256,685.73	
School Tax Deferred		<u>171,899.27</u>	
	\$		428,585.00
Increased By:			
Levy - July 1, 2021 to June 30, 2022			<u>861,394.00</u>
			1,289,979.00
Decreased By:			
Cash Disbursements			<u>859,281.00</u>
Balance, December 31, 2021:			
School Tax Payable		258,798.73	
School Tax Deferred		<u>171,899.27</u>	
	\$		<u><u>430,698.00</u></u>
 <u>2019 Liability for Regional High School Tax</u>			
Tax Payable, December 31, 2021	\$	258,798.73	
Tax Paid		<u>859,281.00</u>	
			1,118,079.73
Less:			
Tax Payable, December 31, 2020		<u>256,685.73</u>	
Amount Charged to 2020 Operations	\$		<u><u>861,394.00</u></u>

**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF REGIONAL SCHOOL TAXES  
BALANCE, DECEMBER 31, 2021**

Balance, December 31, 2020:		
School Tax Payable	\$ 1,774,483.41	
School Tax Deferred	<u>396,208.48</u>	
		\$ 2,170,691.89
Increased By:		
Levy - July 1, 2021 to June 30, 2022		<u>4,691,203.00</u>
		6,861,894.89
Decreased By:		
Cash Disbursements		<u>4,516,293.50</u>
Balance, December 31, 2021:		
School Tax Payable	1,949,392.91	
School Tax Deferred	<u>396,208.48</u>	
		<u>\$ 2,345,601.39</u>
<u>2019 Liability for Regional School Tax</u>		
Tax Payable, December 31, 2021		\$ 1,949,392.91
Tax Paid		<u>4,516,293.50</u>
		6,465,686.41
Less:		
Tax Payable, December 31, 2020		<u>1,774,483.41</u>
Amount Charged to 2019 Operations		<u>\$ 4,691,203.00</u>

**BOROUGH OF SURF CITY  
CURRENT FUND  
SCHEDULE OF VARIOUS RESERVES  
BALANCE DECEMBER 31, 2021**

	BALANCE DECEMBER 31, <u>2020</u>	CASH <u>RECEIPTS</u>	<u>DECREASED</u>	BALANCE DECEMBER 31, <u>2021</u>
Library Aid	\$ 14.00	\$ -	\$ -	\$ 14.00
Hurricane Expense (Special Emergency)	76,973.20	37,844.81	-	114,818.01
Prepaid Beach Badges	27,787.00	27,676.00	27,787.00	27,676.00
Reserve for Ocean County CARES Grant	-	187,862.99	-	187,862.99
	<u>\$ 104,774.20</u>	<u>\$ 253,383.80</u>	<u>\$ 27,787.00</u>	<u>\$ 330,371.00</u>

Anticipated as Revenue	<u>\$ 27,787.00</u>
	<u><u>\$ 27,787.00</u></u>

**BOROUGH OF SURF CITY  
FEDERAL AND STATE GRANT FUND  
SCHEDULE OF GRANTS RECEIVABLE  
BALANCE DECEMBER, 31, 2021**

<u>Program</u>	<u>BALANCE AS OF DECEMBER 31, 2020</u>	<u>REVENUE ANTICIPATED 2021</u>	<u>2021 RECEIVED</u>	<u>TRANSFERRED FROM UNAPPROPRIATED</u>	<u>CANCELLED</u>	<u>BALANCE AS OF DECEMBER 31, 2021</u>
<b>Federal Grants:</b>						
Community Development Block Grant	\$ 7,493.40	\$ -	\$ -	\$ -	\$ -	\$ 7,493.40
Total Federal Grants	7,493.40	-	-	-	-	7,493.40
<b>State Grants:</b>						
Recycling Tonnage Grant	-	5,248.53	5,248.53	-	-	-
966 Reimbursement Program - 2018	4,929.20	-	-	-	4,929.20	-
Clean Communities	-	11,184.29	-	11,184.29	-	-
Total State Grants	4,929.20	16,432.82	5,248.53	11,184.29	4,929.20	-
	\$ 12,422.60	\$ 16,432.82	\$ 5,248.53	\$ 11,184.29	\$ 4,929.20	\$ 7,493.40

**BOROUGH OF SURF CITY**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - APPROPRIATED**  
**BALANCE DECEMBER 31, 2021**

<u>Program</u>	<u>BALANCE</u> DECEMBER 31, 2020	<u>TRANSFERRED</u> FROM <u>BUDGET</u>	<u>EXPENDED</u>	<u>CANCELLED</u>	<u>BALANCE</u> DECEMBER 31, 2021
<b>Federal Grants:</b>					
Municipal Public Access Plan Grant	\$ 7,813.50	\$ -	\$ -	\$ -	7,813.50
Community Development Block Grant	8,509.50	-	2,320.00	-	6,189.50
Total Federal Grants	16,323.00	-	2,320.00	-	14,003.00
<b>State Grants:</b>					
Clean Communities Program	-	11,184.29	11,184.29	-	-
Body Armor Replacement	2,144.93	-	-	-	2,144.93
Recycling Tonnage Grant	-	5,248.53	-	-	5,248.53
966 Reimbursement Program -2018	4,929.20	-	-	4,929.20	-
Total State Grants	7,074.13	16,432.82	11,184.29	4,929.20	7,393.46
	\$ 23,397.13	\$ 16,432.82	\$ 13,504.29	\$ 4,929.20	\$ 21,396.46

Original Budget      \$ 16,432.82

\$ 16,432.82

**BOROUGH OF SURF CITY**  
**FEDERAL AND STATE GRANT FUND**  
**SCHEDULE OF RESERVE FOR GRANT EXPENDITURES - UNAPPROPRIATED**  
**BALANCE DECEMBER 31, 2021**

<u>Program</u>	BALANCE DECEMBER 31, <u>2020</u>	CASH <u>RECEIPTS</u>	REALIZED IN <u>2021 BUDGET</u>	BALANCE DECEMBER 31, <u>2021</u>
Body Armor Replacement Fund	\$ 1,339.35	\$ 1,113.83	\$ -	\$ 2,453.18
Clean Communities Program	11,184.29	11,905.90	11,184.29	11,905.90
	<u>\$ 12,523.64</u>	<u>\$ 13,019.73</u>	<u>\$ 11,184.29</u>	<u>\$ 14,359.08</u>

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**TRUST FUND**

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**BOROUGH OF SURF CITY  
TRUST FUND  
SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS  
YEAR ENDED DECEMBER 31, 2021**

	<u>ANIMAL CONTROL</u>	<u>TRUST- OTHER</u>
Balance, December 31, 2020	\$ 609.30	\$ 332,504.00
Increased By Receipts:		
Dog License Fees Collected	178.80	-
State Registration Fees	100.20	-
Interest Earned	0.60	-
Due to Water/Sewer Operating Fund	-	4,960.31
Various Reserves	-	4,180,313.72
	<u>279.60</u>	<u>4,185,274.03</u>
	<u>888.90</u>	<u>4,517,778.03</u>
Decreased By Disbursements:		
State Registration Fees	103.20	-
Due to Current Fund	0.55	-
Various Reserves	-	4,056,908.83
	<u>103.75</u>	<u>4,056,908.83</u>
Balance, December 31, 2021	<u><u>\$ 785.15</u></u>	<u><u>\$ 460,869.20</u></u>

**BOROUGH OF SURF CITY**  
**SCHEDULE OF DUE FROM CURRENT FUND**  
**TRUST - OTHER FUND**  
**YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 51,331.89
Decreased By:	
Cash Disbursed by Current Fund	<u>14,675.96</u>
Balance, December 31, 2021	<u><u>\$ 36,655.93</u></u>

**BOROUGH OF SURF CITY**  
**SCHEDULE OF DUE (TO)/FROM WATER SEWER OPERATING FUND**  
**TRUST - OTHER FUND**  
**YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 6,069.72
Decreased By:	
Cash Receipts	<u>4,960.31</u>
Balance, December 31, 2021	<u><u>\$ 1,109.41</u></u>

**BOROUGH OF SURF CITY  
TRUST - OTHER FUND  
SCHEDULE OF DUE TO CURRENT FUND  
DOG LICENSE FUND  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$	223.67
Increased By:			
Interest Earned	\$	0.60	
Cash Disbursed by Current Fund		62.88	
Statutory Excess Due To Current Fund		89.92	
			<u>153.40</u>
			377.07
Decreased By:			
Cash Disbursement			<u>0.55</u>
Balance, December 31, 2021		\$	<u><u>376.52</u></u>

**BOROUGH OF SURF CITY  
ANIMAL CONTROL FUND  
SCHEDULE OF RESERVE FOR DOG FUND EXPENDITURES  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$ 385.63
Increased By:		
Dog License Fees Collected		<u>178.80</u>
		564.43
Decreased By:		
Dog Fund Expenditures Paid by Current Fund	\$ 62.88	
Statutory Excess Due Current Fund	<u>89.92</u>	
		<u>152.80</u>
Balance, December 31, 2021		<u><u>\$ 411.63</u></u>

<u>Year</u>	<u>Amount</u>
2020	\$ 213.00
2019	<u>198.63</u>
	<u><u>\$ 411.63</u></u>

**BOROUGH OF SURF CITY**  
**TRUST - OTHER FUND**  
**SCHEDULE OF TRUST - OTHER RESERVES**  
**YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	INCREASES	DECREASES	BALANCE DECEMBER 2021
Tax Certificate	\$ -	\$ 28,917.35	\$ 28,917.35	\$ -
Confiscated Funds Reserve	1,093.71	0.84	0.84	1,093.71
Cash Bonds & Escrowed Fees	181,716.44	328,609.68	195,075.80	315,250.32
P.O.A.A.	1,083.05	102.00	-	1,185.05
Veterans' Memorial Park	17,444.92	700.00	440.00	17,704.92
Public Defender Fund	-	200.00	-	200.00
Beach Wheels	1,708.50	455.00	-	2,163.50
Memorial Benches	12,007.29	8,100.00	5,193.13	14,914.16
Accumulated Absences	98,676.82	8,000.00	8,000.00	98,676.82
Payroll Deductions	39,857.58	3,715,384.85	3,732,714.27	22,528.16
Construction Inspection Fees	36,317.30	89,844.00	101,243.40	24,917.90
	<u>\$ 389,905.61</u>	<u>\$ 4,180,313.72</u>	<u>\$ 4,071,584.79</u>	<u>\$ 498,634.54</u>
Cash Disbursements			\$ 4,056,908.83	
Due To Current Fund			<u>14,675.96</u>	
			<u>\$ 4,071,584.79</u>	



**BOROUGH OF SURF CITY  
LENGTH OF SERVICE AWARDS PROGRAM FUND ("LOSAP")  
SCHEDULE OF INVESTMENTS  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$ 1,086,207.90
Increased By:		
Board Contributions	\$ 32,768.00	
Investment Earnings	<u>187,643.94</u>	
		<u>220,411.94</u>
		1,306,619.84
Decreased By:		
Withdrawals	66,701.64	
Accounting Charges	<u>1,625.00</u>	
		<u>68,326.64</u>
Balance, December 31, 2021		<u><u>\$ 1,238,293.20</u></u>

**SCHEDULE OF LOSAP RESERVE  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$ 1,086,207.90
Increased By:		
Board Contributions	\$ 32,768.00	
Investment Earnings	<u>187,643.94</u>	
		<u>220,411.94</u>
		1,306,619.84
Decreased By:		
Withdrawals	66,701.64	
Accounting Charges	<u>1,625.00</u>	
		<u>68,326.64</u>
Balance, December 31, 2021		<u><u>\$ 1,238,293.20</u></u>

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<b>GENERAL CAPITAL FUND</b>
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**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
SCHEDULE OF CASH  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$	1,528,276.66
Increased By:			
Capital Improvement Fund	\$	50,000.00	
Deferred Charges Raised by Budget Appropriation		203,684.10	
NJ DOT Receipts		243,750.00	
			<u>497,434.10</u>
			2,025,710.76
Decreased By:			
Due To Current Fund		607,387.35	
			<u>607,387.35</u>
Balance, December 31, 2021		\$	<u><u>1,418,323.41</u></u>

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
SCHEDULE OF ANALYSIS OF CASH  
YEAR ENDED DECEMBER 31, 2021**

		BALANCE DECEMBER 31, 2021
		<hr/>
Capital Improvement Fund		\$ 865,432.50
Reserve for Debt Service		36,683.33
Reserve for Purchase of Lifeguard Boat		18,150.00
Reserve for Encumbrances		65,479.60
Due (From)/To Current Fund		170,828.49
Capital Fund Balance		82,452.67
Ordinance		
<u>Ordinance</u>	<u>Improvement Authorizations</u>	
15-04	Rehabilitation of DPW Facilities	296,358.12
15-09	Removal of Underground Storage Tank/Monitoring	2,685.07
16-06	Reconstruction/Resurfacing of Various Streets	(125,335.25)
17-07	Reconstruction/Resurfacing of Various Streets	(12,000.00)
18-02	Acquisition of Trash Truck	(5,883.40)
18-04	Removal of Underground Storage Tank	6,250.00
18-15	Repair/Resurfacing of Various Roads	104,513.89
19-11	Repair/Resurfacing of Various Roads & Related Expenses	(174,935.75)
19-13	Replacement/Repair of Various Roads & Related Expenses	(19,620.69)
20-02	Road Improvement Project	(36,973.91)
21-03/13	Acquisition of Beach Equipment	(134,511.26)
21-11	Road Improvement Project	278,750.00
		<hr/>
		<u>\$ 1,418,323.41</u>

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
SCHEDULE OF DUE FROM/(TO) CURRENT FUND  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ (170,720.12)
Increased by:	
Cash Disbursed to Current Fund	<u>607,387.35</u>
	436,667.23
Decreased By:	
Cash Disbursed by Current Fund	<u>607,495.72</u>
Balance, December 31, 2021	<u><u>\$ (170,828.49)</u></u>

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
SCHEDULE OF GRANTS RECEIVABLE  
YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, 2020	2021 AUTHORIZED	CASH RECEIPTS	CANCELLED	BALANCE DECEMBER 31, 2021
21-11 Road Improvement Project	\$ -	\$ 372,200.00	\$ 243,750.00	\$ -	\$ 128,450.00



**BOROUGH OF SURF CITY**  
**GENERAL CAPITAL FUND**  
**SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**  
**YEAR ENDED DECEMBER 31, 2021**

Improvement Authorizations	Ordinance Date	BALANCE DECEMBER 31, 2020	2021 AUTHORIZED	REFUND OF PRIOR YEAR GRANTS	FUNDED BY BUDGET APPROPRIATION	CASH RECEIPTS	GRANT RECEIPTS	CANCELLED	BALANCE DECEMBER 31, 2021	Analysis of Balance		
										EXPENDITURES	UNEXPENDED IMPROVEMENT	AUTHORIZATIONS
06-15 Beach Replenishment	11/30/06	\$ 177,500.00	\$ -	\$ -	\$ 51,036.77	\$ -	\$ -	\$ -	\$ 126,463.23	\$ -	\$ -	\$ 126,463.23
11-03 Acquisition of Trash Truck	05/11/11	32,000.00	-	-	-	-	-	-	32,000.00	-	-	32,000.00
13-05 Acquisition of Trash Truck	10/09/13	29,231.00	-	-	-	-	-	-	29,231.00	-	-	29,231.00
13-06 Acquisition of a Beach Rake	10/09/13	13,997.36	-	-	-	-	-	-	13,997.36	-	-	13,997.36
14-05 Acquisition of Fire Apparatus & Related Equipment	09/10/14	130,000.00	-	-	92,647.33	-	-	-	37,352.67	-	-	37,352.67
15-03 Replacement/Repair of Various Bulkheads	03/11/15	62,000.00	-	-	60,000.00	-	-	-	2,000.00	2,000.00	-	-
16-06 Reconstruction/Resurfacing of Various Streets	06/08/16	125,335.25	-	-	-	-	-	-	125,335.25	125,335.25	-	-
17-07 Reconstruction/Resurfacing of Various Streets	07/12/17	12,000.00	-	-	-	-	-	-	12,000.00	12,000.00	-	-
18-02 Acquisition of Trash Truck	03/14/18	20,000.00	-	-	-	-	-	-	20,000.00	5,883.40	-	-
18-04 Removal of Underground Storage Tank	03/14/18	118,750.00	-	-	-	-	-	-	118,750.00	-	-	14,116.60
18-15 Repair/Resurfacing of Various Roads	12/12/18	42,500.00	-	-	-	-	-	-	42,500.00	-	-	42,500.00
19-11 Repair/Resurfacing of Various Roads & Related Expenses	08/14/19	380,000.00	-	-	-	-	-	-	380,000.00	174,935.75	-	205,064.25
19-13 Replacement/Repair of Various Roads & Related Expenses	09/11/19	380,000.00	-	-	-	-	-	-	380,000.00	19,620.69	-	360,379.31
20-02 Road Improvement Project	04/08/20	593,750.00	-	-	-	-	-	-	593,750.00	36,973.91	-	556,776.09
21-03/13 Acquisition of Beach Equipment	12/13/21	-	142,500.00	-	-	-	-	-	142,500.00	142,011.26	-	488.74
21-11 Road Improvement Project	12/13/21	-	665,000.00	-	-	-	243,750.00	-	421,250.00	-	-	421,250.00
		\$ 2,117,063.61	\$ 807,500.00	\$ -	\$ 203,684.10	\$ -	\$ 243,750.00	\$ -	\$ 2,477,129.51	\$ 518,760.26	\$ -	\$ 1,958,369.25

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
SCHEDULE OF IMPROVEMENT AUTHORIZATIONS  
YEAR ENDED DECEMBER 31, 2021**

Improvement Authorizations	Ordinance Date	Ordinance Amount	Balance December 31, 2020		2021 Authorizations	Expended	Transferred To Encumbrances	Balance December 31, 2021	
			Funded	Unfunded				Funded	Unfunded
06-15 Beach Replenishment	11/30/06	\$350,000.00	\$ -	\$ 126,463.23	\$ -	\$ -	-	\$ -	\$ 126,463.23
11-03 Acquisition of Trash Truck	05/11/11	200,000.00	-	32,000.00	-	-	-	-	32,000.00
13-05 Acquisition of Trash Truck	10/09/13	200,000.00	-	29,231.00	-	-	-	-	29,231.00
13-06 Acquisition of a Beach Rake	10/09/13	65,000.00	-	13,997.36	-	-	-	-	13,997.36
14-05 Acquisition of Fire Apparatus & Related Equipment	09/10/14	800,000.00	-	37,352.67	-	-	-	-	37,352.67
15-03 Replacement/Repair of Various Bulkheads	03/11/15	100,000.00	-	-	-	-	-	-	-
15-04 Rehabilitation of DPW Facilities	03/11/15	450,000.00	298,358.12	-	-	-	-	298,358.12	-
15-09 Removal of Underground Storage Tank/Monitoring	12/09/15	50,000.00	5,945.07	-	-	3,260.00	-	2,685.07	-
17-07 Reconstruction/Resurfacing of Various Streets	07/12/17	375,000.00	-	-	-	-	-	-	-
18-02 Acquisition of Trash Truck	03/14/18	200,000.00	-	14,116.60	-	-	-	-	14,116.60
18-04 Removal of Underground Storage Tank	03/14/18	125,000.00	6,250.00	118,750.00	-	-	-	6,250.00	118,750.00
18-15 Repair/Resurfacing of Various Roads	12/12/18	500,000.00	104,513.89	42,500.00	-	-	-	104,513.89	42,500.00
19-11 Repair/Resurfacing of Various Roads & Related Expenses	08/14/19	700,000.00	262,029.76	380,000.00	-	436,965.51	-	-	205,064.25
19-13 Replacement/Repair of Various Roads & Related Expenses	09/11/19	400,000.00	4,693.95	380,000.00	-	24,314.64	-	-	360,379.31
20-02 Road Improvement Project	04/08/20	625,000.00	29,450.00	593,750.00	-	66,423.91	-	-	556,776.09
21-03/13 Acquisition of Beach Equipment	12/13/21	150,000.00	-	-	150,000.00	76,531.66	65,479.60	7,500.00	488.74
21-11 Road Improvement Project	12/13/21	700,000.00	-	-	700,000.00	-	-	278,750.00	421,250.00
			\$ 711,240.79	\$ 1,768,160.86	\$ 850,000.00	\$ 607,495.72	\$ 65,479.60	\$ 698,057.08	\$ 1,958,369.25

Deferred Charges - Unfunded	\$ 807,500.00
Capital Improvement Fund	42,500.00
	<u>\$ 850,000.00</u>

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 857,932.50
Increased By:	
2021 Budget Appropriation	<u>50,000.00</u>
	907,932.50
Decreased By:	
Utilized To Finance Improvement Authorizations	<u>42,500.00</u>
Balance, December 31, 2021	<u><u>\$ 865,432.50</u></u>

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
SCHEDULE OF VARIOUS RESERVES  
YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, <u>2020</u>	<u>INCREASED</u>	BALANCE DECEMBER 31, <u>2021</u>
Reserve for Debt Service	\$ 36,683.33	\$ -	\$ 36,683.33
Reserve for Purchase of Lifeguard Boat	18,150.00	-	18,150.00
	<u>\$ 54,833.33</u>	<u>\$ -</u>	<u>\$ 54,833.33</u>

**BOROUGH OF SURF CITY  
GENERAL CAPITAL FUND  
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED  
YEAR ENDED DECEMBER 31, 2021**

Ordinance Number	<u>Improvement Authorizations</u>	BALANCE		2021 <u>AUTHORIZATIONS</u>	<u>DECREASED</u>	BALANCE DECEMBER 31, 2021
		DECEMBER 31, 2020				
06-15	Beach Replenishment	\$ 177,500.00	\$ -	\$ -	51,036.77	\$ 126,463.23
11-03	Acquisition of Trash Truck	32,000.00	-	-	-	32,000.00
13-05	Acquisition of Trash Truck	29,231.00	-	-	-	29,231.00
13-06	Acquisition of a Beach Rake	13,997.36	-	-	-	13,997.36
15-03	Acquisition of Fire Apparatus & Related Equipment	130,000.00	-	-	92,647.33	37,352.67
15-04	Replacement/Repair of Various Bulkheads	62,000.00	-	-	60,000.00	2,000.00
16-06	Reconstruction/Resurfacing of Various Streets	125,335.25	-	-	-	125,335.25
17-07	Reconstruction/Resurfacing of Various Streets	12,000.00	-	-	-	12,000.00
18-02	Acquisition of Trash Truck	20,000.00	-	-	-	20,000.00
18-04	Removal of Underground Storage Tank	118,750.00	-	-	-	118,750.00
18-15	Repair/Resurfacing of Various Roads	42,500.00	-	-	-	42,500.00
19-11	Repair/Resurfacing of Various Roads & Related Expenses	380,000.00	-	-	-	380,000.00
19-13	Replacement/Repair of Various Roads & Related Expense	380,000.00	-	-	-	380,000.00
20-02	Road Improvement Project	593,750.00	-	-	-	593,750.00
21-03/13	Acquisition of Beach Equipment	-	142,500.00	-	-	142,500.00
21-11	Road Improvement Project	-	665,000.00	243,750.00	-	421,250.00
		<u>\$ 2,117,063.61</u>	<u>\$ 807,500.00</u>	<u>\$ 447,434.10</u>	<u>\$ 2,477,129.51</u>	
NJ DOT Receipts						
Funded By Budget Appropriations				\$ 243,750.00		
				<u>203,684.10</u>		
				<u>\$ 447,434.10</u>		

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<b>WATER/SEWER UTILITY FUND</b>
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**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF CASH - TREASURER**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>OPERATING</u>	<u>CAPITAL</u>
Balance, December 31, 2020	\$ 1,952,469.96	\$ 88,992.01
Increased By Receipts:		
Miscellaneous Revenue Not Anticipated	\$ 80,638.83	\$ -
Fire Hydrant Service	118,400.00	-
Water/Sewer Rents Receivable	2,119,154.14	-
Prepaid Rents	19,050.13	-
Capital Improvement Fund	-	25,000.00
Budget Appropriations - Deferred Charges	-	130,000.00
Reserve for American Recovery Act	62,748.80	
Due To/From Current Fund	100,000.00	-
Due From Utility Capital Fund	65.17	-
Due To/From Utility Operating Fund	-	73.41
	<u>2,500,057.07</u>	<u>155,073.41</u>
	4,452,527.03	244,065.42
Decreased By Disbursements:		
2021 Budget Appropriations	1,890,801.66	-
2020 Appropriation Reserves	16,975.02	-
Due From Trust - Other Fund	4,960.31	-
Due To Utility Operating Fund	-	65.17
Improvement Authorization	-	197,000.76
	<u>1,912,736.99</u>	<u>197,065.93</u>
Balance, December 31, 2021	<u><u>\$ 2,539,790.04</u></u>	<u><u>\$ 46,999.49</u></u>

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF ANALYSIS OF WATER/SEWER UTILITY CAPITAL FUND CASH**  
**YEAR ENDED DECEMBER 31, 2021**

		<u>BALANCE</u> <u>DECEMBER 31, 2021</u>
Capital Improvement Fund		\$ 503,315.51
Due To Utility Operating Fund		19.67
Due From Current Fund		(345,000.00)
Fund Balance		7,476.47
 <u>Ordinance</u>		
<u>Number</u>	<u>Improvement Authorizations</u>	
09-07	Improvements to Water/Sewer System	(35,000.00)
18-16	Improvements to Water/Sewer System	(125,062.16)
21-15	Rehabilitation of Borough Water Tower	41,250.00
		<hr/>
		\$ 46,999.49
		<hr/> <hr/>

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF WATER/SEWER RENTS  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020		\$ 35,800.40
Increased By:		
2021 Billings		<u>2,149,972.56</u>
		2,185,772.96
Decreased By:		
Cash Collections	\$ 2,119,154.14	
Prepaid Rents Applied	<u>17,905.68</u>	
		<u>2,137,059.82</u>
Balance, December 31, 2021		<u><u>\$ 48,713.14</u></u>

**BOROUGH OF SURF CITY  
SCHEDULE OF FIXED CAPITAL  
YEAR ENDED DECEMBER 31, 2021**

	Balance, December 31, <u>2020</u>	<u>Additions</u>	Balance, December 31, <u>2021</u>
Water Fund:			
Land	\$ 5,623.38	\$ -	\$ 5,623.38
Springs and Wells	1,170,538.06	-	1,170,538.06
Pumping Station & Equipment	169,915.01	-	169,915.01
Distribution Mains & Accessories	921,335.92	-	921,335.92
Meters & Accessories	96,475.00	-	96,475.00
Garage & Storage Building	72,384.87	-	72,384.87
Tower, Standpipe & Storage Tanks	2,321,164.07	-	2,321,164.07
Fire Hydrants	49,213.51	-	49,213.51
Trucks & Other Equipment	181,239.47	-	181,239.47
Water Plant & Equipment	578,742.57	-	578,742.57
Office Facilities	13,938.13	-	13,938.13
Computer System	8,973.23	-	8,973.23
Wells	863,592.15	-	863,592.15
Sewer Fund:			
Collection System	1,600,045.63	-	1,600,045.63
Landscaping	2,774.20	-	2,774.20
Meters & Accessories	6,573.45	-	6,573.45
Trucks & Other Equipment	201,415.82	-	201,415.82
Garage & Storage Building	74,202.32	-	74,202.32
Office Facilities	13,938.12	-	13,938.12
Computer System	8,503.25	-	8,503.25
	<u>\$ 8,360,588.16</u>	<u>\$ -</u>	<u>\$ 8,360,588.16</u>

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF FIXED CAPITAL AUTHORIZED AND UNCOMPLETED**  
**YEAR ENDED DECEMBER 31, 2021**

<u>Ordinance Number</u>	<u>Purpose</u>	<u>ORDINANCE</u>		<u>BALANCE DECEMBER 31, 2020</u>	<u>AUTHORIZED</u>	<u>TRANSFERRED TO FIXED CAPITAL</u>	<u>BALANCE DECEMBER 31, 2021</u>
		<u>DATE</u>	<u>AMOUNT</u>				
18-16	Improvements to Water/Sewer System	12/12/18	\$ 600,000.00	\$ 370,887.98	\$ -	\$ -	\$ 370,887.98
21-15	Rehabilitation of Borough Water Tower	12/13/21	825,000.00	-	825,000.00	-	825,000.00
				<u>\$ 370,887.98</u>	<u>\$ 825,000.00</u>	<u>\$ -</u>	<u>\$ 1,195,887.98</u>

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY OPERATION FUND**  
**SCHEDULE OF 2020 APPROPRIATION RESERVES**  
**YEAR ENDED DECEMBER 31, 2021**

<u>Appropriation</u>	<u>BALANCE</u> DECEMBER 31, 2020	<u>BALANCE</u> AFTER TRANSFERS	<u>EXPENDED</u>	<u>BALANCE</u> <u>LAPSED</u>
Operating:				
Salaries and Wages	\$ 209,434.43	\$ 209,434.43	\$ -	\$ 209,434.43
Other Expenses	399,554.00	399,554.00	16,674.43	382,879.57
Capital Improvements:				
Capital Outlay	80,479.00	80,479.00	-	80,479.00
Statutory Expenditures:				
Contribution To:				
Social Security System (O.A.S.I.)	22,054.06	22,054.06	-	22,054.06
Defined Contribution Retirement Plan	786.00	786.00	300.59	485.41
Unemployment Compensation Insurance	2,942.76	2,942.76	-	2,942.76
	<u>\$ 715,250.25</u>	<u>\$ 715,250.25</u>	<u>\$ 16,975.02</u>	<u>\$ 698,275.23</u>

Appropriation Reserves	\$ 706,934.18
Encumbrances Payable	<u>8,316.07</u>
	<u>\$ 715,250.25</u>

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF ENCUMBRANCES PAYABLE  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 8,316.07
Increased By:	
Current Appropriations	<u>5,443.13</u>
	13,759.20
Decreased By:	
Transferred To Appropriation Reserves	<u>8,316.07</u>
Balance, December 31, 2021	<u><u>\$ 5,443.13</u></u>

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF PREPAID RENTS  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 17,905.68
Increased By:	
Cash Receipts	<u>19,050.13</u>
	36,955.81
Decreased By:	
Applied To Rents Receivable	<u>17,905.68</u>
Balance, December 31, 2021	<u><u>\$ 19,050.13</u></u>



**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF ACCOUNTS PAYABLE  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2021 and 2020

\$ 7,644.37

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF RESERVE FOR AMERICAN RECOVERY ACT  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ -
Increased By:	
Cash Receipts	<u>62,748.80</u>
Balance, December 31, 2021	<u><u>\$ 62,748.80</u></u>

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY OPERATING FUND**  
**SCHEDULE OF DUE FROM/(TO) WATER/SEWER UTILITY CAPITAL FUND**  
**YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 11.43
Increased By:	
Interest Earned in Water/Sewer Utility Capital Fund	<u>73.41</u>
	84.84
Decreased By:	
Cash Receipts	<u>65.17</u>
Balance, December 31, 2021	<u><u>\$ 19.67</u></u>

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY OPERATING FUND  
SCHEDULE OF DUE FROM/(TO) CURRENT FUND  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ -
Increased By:	
HMPG Grant Received in Current Fund	<u>345,000.00</u>
Balance, December 31, 2021	<u><u>\$ 345,000.00</u></u>

**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF IMPROVEMENT AUTHORIZATIONS**  
**YEAR ENDED DECEMBER 31, 2021**

Ordinance Number	Purpose	Ordinance		Balance December 31, 2020		2021 Authorization	Paid or Charged	Balance December 31, 2021	
		Date	Amount	Funded	Unfunded			Funded	Unfunded
18-16	Improvements to Water/Sewer System	12/12/18	\$ 600,000.00	\$ -	\$ 296,938.60	\$ -	\$ 197,000.76	\$ -	\$ 99,937.84
21-15	Rehabilitation of Borough Water Tower	12/13/21	825,000.00	-	-	825,000.00	-	41,250.00	783,750.00
				\$ -	\$ 296,938.60	\$ 825,000.00	\$ 197,000.76	\$ 41,250.00	\$ 883,687.84

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF CAPITAL IMPROVEMENT FUND  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 519,565.51
Increased By:	
2021 Budget Appropriations	<u>25,000.00</u>
	544,565.51
Decreased By:	
Improvement Authorization Down Payment	<u>41,250.00</u>
Balance, December 31, 2021	<u><u>\$ 503,315.51</u></u>

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR AMORTIZATION  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020			\$ 7,966,476.14
Increased By:			
Grant Receipts	\$	345,000.00	
Funding of Costs of Improvements Authorized By Budget		<u>130,000.00</u>	
			<u>475,000.00</u>
Balance, December 31, 2021			<u><u>\$ 8,441,476.14</u></u>

**BOROUGH OF SURF CITY  
WATER/SEWER UTILITY CAPITAL FUND  
SCHEDULE OF RESERVE FOR DEFERRED AMORTIZATION  
YEAR ENDED DECEMBER 31, 2021**

Balance, December 31, 2020	\$ 30,000.00
Increased By:	
Funding of Costs of Improvements Via Capital Improvement Fund	<u>41,250.00</u>
Balance, December 31, 2021	<u><u>\$ 71,250.00</u></u>



**BOROUGH OF SURF CITY**  
**WATER/SEWER UTILITY CAPITAL FUND**  
**SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**  
**YEAR ENDED DECEMBER 31, 2021**

<u>Ordinance Number</u>	<u>Purpose</u>	BALANCE DECEMBER 31, <u>2020</u>	<u>INCREASED</u>	<u>DECREASED</u>	BALANCE DECEMBER 31, <u>2021</u>
2009-07	Improvements to Water & Sewer System	\$ 165,000.00	\$ -	\$ 130,000.00	\$ 35,000.00
2018-16	Improvements to Water & Sewer System	570,000.00	-	345,000.00	225,000.00
2021-15	Rehabilitation of Borough Water Tower	-	783,750.00	-	783,750.00
		<u>\$ 735,000.00</u>	<u>\$ 783,750.00</u>	<u>\$ 475,000.00</u>	<u>\$ 1,043,750.00</u>

Funded By Budget Appropriations	\$ 130,000.00
Grant Receipts	345,000.00
	<u>\$ 475,000.00</u>

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**GENERAL FIXED ASSETS ACCOUNT GROUP**

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**BOROUGH OF SURF CITY**  
**GENERAL FIXED ASSETS ACCOUNT GROUP**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**

	BALANCE DECEMBER 31, <u>2020</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	BALANCE DECEMBER 31, <u>2021</u>
Land	\$ 748,506.36	\$ -	\$ -	\$ 748,506.36
Buildings	949,506.71	67,653.96	-	1,017,160.67
Equipment	728,208.45	21,620.18	10,000.00	739,828.63
Motor Vehicles	2,955,200.36	142,011.26	8,317.00	3,088,894.62
	<u>\$ 5,381,421.88</u>	<u>\$ 231,285.40</u>	<u>\$ 18,317.00</u>	<u>\$ 5,594,390.28</u>

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**BOROUGH OF SURF CITY**

**PART II**

**SCHEDULE OF FINANCIAL STATEMENT FINDINGS -  
GOVERNMENT AUDITING STANDARDS**

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

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**BOROUGH OF SURF CITY**  
**SCHEDULE OF FINANCIAL STATEMENT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Section II – Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey.

**Finding 2021-001\***

Criteria or specific requirement:

In accordance with maintaining an internal control environment that is effective in the prevention and/or identification of potential financial statement misstatement and/or misclassification, the Borough should properly maintain a complete and accurate general ledger system.

Condition:

The general ledger was not properly maintained in the Borough's main financial reporting system (Edmunds).

Context:

The Borough did not maintain or reconcile the subsidiary ledgers to the financial reporting system within Edmunds.

Effect or potential effect:

The Borough does not have proper support for general ledger balances and transactions.

Cause:

The Borough maintained a separate, stand alone general ledger outside of the Edmunds accounting software package.

Recommendation:

That internal control policies and procedures should be developed to properly maintain a single general ledger system.

View of responsible official:

The responsible official agrees with this finding and will address the matter as part of their corrective action plan.

\* Denotes a Prior Year Finding

**BOROUGH OF SURF CITY**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

This section identifies the status of prior year findings related to the financial statements, federal awards and state financial assistance that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08.

Financial Statement Findings

**Finding 2020-001**

Condition:

The general ledger was not properly maintained in the Borough's main financial reporting system (Edmunds).

Current Status:

This finding has not been corrected.

**Finding 2020-002**

Condition:

The Borough's general ledger accounting data was lost due to hardware failure and unable to be recovered.

Current Status:

This finding has been corrected.

**BOROUGH OF SURF CITY**

**PART III**

**LETTER OF COMMENTS AND RECOMMENDATIONS – REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**BOROUGH OF SURF CITY  
COMMENTS  
YEAR ENDED DECEMBER 31, 2021**

Officials in Office and Surety Bonds

<u>Name of Official</u>	<u>Title</u>	<u>Amount of Bond</u>	<u>Corporate Surety</u>
Francis R. Hodgson, Sr.	Mayor		
John H. Klose	Council President		
John G. Hadash III	Councilman		
William D. Hodgson	Councilman		
Peter M. Hartney	Councilman		
James B. Russell	Councilman		
Jacqueline Siciliano	Councilwoman		
Christine Hannemann	Borough Administrator	*	JIF
	Municipal Clerk		
	Assessment Search Officer		
	Registrar of Vital Statistics		
Michael Gross	Chief Financial Officer,	*	JIF
	Treasurer Water/Sewer Rents		
James A. Liguori	Municipal Court Judge	*	JIF
Constance Motter	Court Administrator	*	JIF
Walter R. Higgins, Jr.	Assessor		
Christopher J. Connors, Esq.	Solicitor		
Frank Little	Engineer		

All of the bonds were examined and appear to be properly executed.

\* Joint Insurance Fund (JIF) Blanket Crime coverage in the amount of \$1,000,000.00

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Honorable Mayor and Members  
of the Borough Council  
Borough of Surf City  
County of Ocean  
Surf City, New Jersey

In accordance with requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, the following are the *General Comments* and *Recommendations* for the year ended December 31, 2021.

#### **GENERAL COMMENTS:**

##### **Contracts and Agreements required to be advertised by (N.J.S.A.40A:11-4)**

N.J.S.A.40A:11-4 states every contract or agreement, for the performance of any work or furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the Governing Body of the contracting unit 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 the bid threshold, except by contract or agreement.

The bid threshold in accordance with N.J.S.A. 40A:11-4 was \$44,000 for the year ended December 31, 2021.

It is pointed out that the governing body of the municipality has the responsibility of determining whether the expenditures in any category will exceed the statutory minimum within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the solicitor's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

Our examination of expenditures did not reveal any individual payments or contracts in excess of the bid threshold “for the performance of any work, or the furnishing of any materials, supplies or labor” other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of *N.J.S.A.40A:11-6*.

### *Collection of Interest on Delinquent Taxes and Assessments*

N.J.S.54:4-67, 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 1, 2021 adopted the following resolution authorizing interest to be charged on delinquent taxes:

*NOW THEREFORE, BE IT RESOLVED, that if said taxes are deemed to be delinquent for non-payment of taxes, the Tax Collector shall charge eight (8%) percent per annum on the first \$1,500.00 of the delinquency, and eighteen (18%) percent per annum on any amount in excess of \$1,500.00; and*

*BE IT FURTHER RESOLVED, by the Borough Council of the Borough of Surf City, that the Tax Collector shall allow that no interest will be charged on payments received and made by the tenth calendar day following the date upon which the same became payable; and*

*BE IT FURTHER RESOLVED, by the Borough Council of the Borough of Surf City, that the Tax Collector shall charge, in addition to the interest for delinquent taxes, as noted above, a penalty of six (6%) percent of the amount of the delinquency in taxes in excess of \$10,000.00 to a taxpayer who fails to pay the delinquency prior to the end of the calendar year.*

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

### **OTHER COMMENTS (FINDINGS):**

#### **\*Finding 2021-001**

The general ledger was not properly maintained in the Borough's main financial reporting system (Edmunds).

### **RECOMMENDATIONS:**

#### **\*Finding 2021-001**

That internal control policies and procedures should be developed to properly maintain a single general ledger system.

\*Denotes Prior Year Finding



## **Appreciation**

We express our appreciation for the assistance and courtesies extended to the members of the audit team.

Respectfully submitted,

HOLMAN FRENIA ALLISON, P. C.

Jerry W. Conaty  
Certified Public Accountant  
Registered Municipal Accountant  
RMA No. 581

Lakewood, New Jersey  
November 11, 2022